The NATIONAL UNDERWRITER

The National Weekly Newspaper of Fire and Casualty Insurance

September 19, 1958

62nd Year, No. 38

Pa. Agents Hold Successful Annual Rally In Bedford

Trimbur Elected President; Special Tribute Is Paid To Morton V. V. White

By KENNETH O. FORCE

BEDFORD—At its annual convention in the Bedford Springs resort ho-

Paul J. Trimbur

Morton V. V. White

tel here Pennsylvania Assn. of Insurance Agents advanced Paul J. Trimbur of Pittsburgh to president. He succeeds William J. Graul of Allentown.

List Other Officers

Aaron S. Feinerman of Harrisburg and Stuart E. Graham of Wilkes-Barre were elected vice-presidents. Clarence M. Thumma of Harrisburg was returned to the post of treasurer, one he has held 25 years. He was unable to attend the convention this year for the first year in many because of a temporary disability. George J. Mar-

(CONTINUED ON PAGE 30)

Wash. Agents Assn. Elects Roland Dick At Yakima Meeting

Roland Dick, Everett, was elected president of the Washington Assn. of Insurance Agents at the annual meeting in Yakima, Sept. 15, succeeding Thomas A. Harman, Seattle. Mr. Harman was elected state-national director to succeed H. P. Sargent, Seattle, who held the post for the past several years.

Other new officers are: Hugh Hitchcock, Ellensburg, vice-president; Jack Shipley, Spokane, secretary-treasurer; Oscar Bierwagen, Walla Walla, regional vice-president; James M. Koon, Tacoma, regional vice-president; and Keith McCoy, White Salmon, trustee-at-large; Ed Ray, Pasco, regional trustee, and Tracy Moore, Ilwaco, regional trustee.

The following resolutions were adopted: (1) Petitioning Gov. Rosellini to urge adoption of legislation establishing stricter traffic regulation and rigid enforcement; (2) demanding return of the five year fire term rule in the state; (3) reiterating opposition to any change in the NAIA policy on commissions and urging NAIA to refrain from discussing commission or production cost allowance with anyone; (4) instructing the state-national director to advise the proper NAIA authority that in any future expressions on commissions it be clearly stated that such representations were not being made on behalf of WAIA—it being pointed out that the WAIA considered the publication of the recent NAIA booklet, "The Agency System In Relation To Insurance Economics," a violation of a previous request by WAIA in 1952.

Guest speaker Myles Smith, public

(CONTINUED ON PAGE 39)

Zurich To Write Economy Auto Cover In Michigan Oct. 1

An economy auto insurance plan will be introduced Oct. 1 in Michigan by the Zurich-American companies. The intention is to extend the plan later "selectively" to other states.

Entitled "MERITmatic," the coverage will be written only in American Guarantee at rates described as "substantially less than standard." In other states the rates will be determined by prevailing conditions. Michigan is one of the hottest states of all for auto insurance competition.

The policy is continuous with six-month renewals and direct billing, with the agent retaining exclusive ownership of expirations. The predecessor merit policy will still be available in the Zurich in those states in which the new coverage is provided. It is sold at standard rates.

The new American Guarantee policy employs the Safeco formula, offering the agents a competitive price, but adding the feature of immediate delivery. The agent can hand the policy to the insured at the time of the sale.

Bookkeeping costs are reduced because the agent fills in an application-declaration with pre-inserted carbons. One copy of the application-declaration is slipped into a jacket to complete the policy and at the same time the initial premium is collected and remitted to the company with copies of the application.

American Guarantee will keep all records by machine, sending the agent a monthly accounting. Insured are billed automatically by the company and commissions are sent to the agent once a month.

The commission rate on the new policy will be lower.

—

Countryside Casualty of Columbia, Mo., and Union National Life of Lincoln have joined **Health Insurance Assn.**

Allstate Deviation In Commercial Area Opposed By NYFIRO

Company Predicts Expense Savings To Back Filing; Bureau Calls This Unfair

By JOHN N. COSGROVE

NEW YORK—Allstate's application for a 15% fire and extended coverage deviation on commercial risks was hotly debated by representatives of the company and of New York Fire Insurance Rating Organization at an insurance department hearing here. The application originally made last April was immediately opposed by NYFIRO to which the company became a subscriber earlier that month. The hearing, conducted by Arthur L. Lamanda, first deputy, followed the NYFIRO protest.

At the hearing, L. G. McKnight, assistant secretary in charge of fire and allied lines for Allstate, testified under questioning by George Kline, vice-president and general counsel of the company. They recalled that in 1955 the department granted Allstate a 15% fire and EC deviation on dwellings. To sustain that filing the company predicted expense savings which ultimately proved to be accurate. This deviation is the subject of cross appeals by NYFIRO and Allstate now before the New York appellate court.

To Predict Commercial Savings

Mr. Kline explained that the company, having been successful in predicting expense savings in connection with dwellings, now proposed to predict savings the company could effect in the commercial field.

Abraham Kaplan of Powers, Kaplan & Berger, counsel for NYFIRO, strenuously attacked such predictions. He

(CONTINUED ON PAGE 25)

B. P. McMackin Comments On Deductibles And Other New Homeowner Features

By BERNARD P. McMACKIN Jr.
Assistant Editor, F.C.&S. Bulletins

End Of A Series

The deductible in the new MPIC homeowners super-package, Form 5, differs in several respects from that of homeowners C. As mentioned earlier in this series, it no longer contains a franchise feature—it applies whether the loss is $50, $500 or any other figure. As before there is a list of perils to which it does not apply, the list having had some additions, deletions and clarifications. Specifically, coverage D—the additional living expense feature—is now exempt from the $50 deductible and so is glass breakage, i.e., breakage of glass constituting a part of the insured buildings, including that in storm doors and windows. The specific exception of burglary and hold-up has been replaced with an exception of "loss by theft," and, as previously explained, there is express language applying the deductible to mysterious disappearance and to loss of property left unattended, etc. (It was generally held that the deductible applied to these, even under the older forms, but this language ought to eliminate any doubt.) Otherwise, the exempted perils are as before, except that "falling objects" is no longer among them, meaning that the deductible now applies to it.

The personal property floater breakage and marring exclusion has been "put back in." It will be recalled that this exclusion—applying to breakage of fragile articles (some enumerated) and marring and scratching of any property, except as to such damage caused by fire, lightning, some EC perils, etc.—was omitted from homeowners C. Instead, its equivalent was incorporated in the so-called "modified" loss deductible clause, the clause used to waive the $50 deductible. This meant that, waiver or no waiver, the

(CONTINUED ON PAGE 28)

Byron Gordon, seated, receives a certificate making his Pompano Beach agency the 1,000th member of Florida Assn. of Insurance Agents. Welcoming him to the association are, from the left, Frank Furman, who obtained Mr. Gordon's new membership, Robert Ross, president of the Boward county association, and Richard Brown, Pompano Beach membership chairman. With an increase of 166 in the past year, the association is now the 10th largest state group.

Family Talk Should Precede Public Discussions Of Company Affairs

By JOHN N. COSGROVE

When the currently popular subject of communications is mentioned there is a tendency in the insurance business, as elsewhere, to regard the entire problem as essentially one of broadcasting information to the public. The word communications conjures up pictures of colorful advertising campaigns, convention speeches, numerous news releases and other media aimed at the outside world. All these are a necessary and often indispensable part of such a program.

But there is another facet which is always indispensable and which must be successfully established before any other phase is undertaken—if maximum results are to be achieved. That is passing information to employes. Communications, like charity, begins at home.

Management Must Have Program

What an employe is not "up on" he may be "down on." That is not news to intelligent management which honestly tries to share information but keeps butting its head on the hard fact that communication involves the most difficult technique in business: "Getting through to people." If the pipe lines of American oil fields were as plugged as the channels of employer-employe communications sometimes become, the vital flow would be reduced to a trickle. Business would not permit stoppage of the fluid that powers and lubricates the country's industrial machinery. Yet it countenances plugged pipe lines of communication and allows the ideas, plans and policies which can lubricate employer-employe relations to back up at both ends.

Basically, management has no option to decide whether or not to have a communications system. Management merely has the choice of how information shall be conveyed—by plan or by accident. It must decide whether it wishes to entrust vital messages to direct and officially maintained pipelines of information or to the twisted turnings of the grapevine of misinformation.

Is it important to make the choice? Frank Abrams, former chairman of Standard Oil of New Jersey, thought so. He said: "If you want to do a good job as managers of your business, you must get your philosophy down through the organization. It is a matter of education of managers and employes, and in understanding that philosophy they become more intelligent in their relations with the public. Every individual in the company has his own public. If each has a sense of belonging and knowing what the company is after, the organization becomes a kind of team—a great moral drive of many persons."

Obligations Are Recognized

Business generally recognizes its obligations to customers and to stockholders: To maintain a competitive position to meet public demands, to realize a profit and to develop management succession. Business sometimes neglects to acquaint employes with these objectives and the steps taken to achieve them. If employes understood that management's policies to assure a company's future also as-

(CONTINUED ON PAGE 32)

Marine Men Discuss Reduced Hull Values, Trade Treaties, Problems Of Nuclear Age

With the earning power of ships and their world market value in serious decline, many shipowners are making large reductions in hull values for insurance purposes, in some instances as much as 25 to 50% off expiring values, Madoe M. Pease of North British, president of American Institute of Marine Underwriters, said in his talk before the council of International Union of Marine Insurance in Salzburg, Austria. Such reductions—particularly on marginal tonnage—are drastic in the extreme, he declared.

Paradoxically, the prices of goods and services continue to rise, including steel and wages of shipyard workers. While the upward trend in repair costs may be temporarily arrested because of the shipping depression, a decline in repair costs is not anticipated, Mr. Pease said.

Coverage On Hull Only

In extreme cases, he explained, the reduction in insured values makes it possible to declare a constructive total loss with payments of the increased value insurance, even though the casualty would fall far short of such a claim if the vessel was valued at near its replacement cost. To minimize these situations, he continued, American marine underwriters are increasingly coming to the conclusion that insurance should be placed entirely on the hull when the aggregate value for total loss purposes reaches a critically low level. He termed this a logical and proper approach to the problem.

Mr. Pease also commented on the multitude of small claims and discussed the advisability of increases in the franchise to a point where it would, as it did 30 years ago, eliminate small damage losses which are more costly to adjust than essential to protection.

He described the American practice of studying five year loss ratios on both an actual and "as if" basis as a valuable tool, bringing clearly into focus adverse trends and practices requiring attention as well as favorable trends in past loss ratios which can be given favorable recognition.

Calls For Fewer Restrictions

John T. Byrne of Talbot Bird & Co., chairman of the council's committee on freedom of insurance, reported that the U.S. has negotiated trade treaties with six countries which contain a provision prohibiting restrictions on the placing of marine coverage between the buyer and seller of the signing countries. They are West Germany, Netherlands, Japan, Korea, Nicaragua and Iran.

On the debit side, Mr. Byrne referred to the disturbing action last March by Cuba, which adopted a highly restrictive measure to force all purchases in that country, except those accomplished clearly on cost, insurance and freight terms, to be insured through agents in Cuba with companies authorized to do business in that country. He urged member associations to make their views on freedom of insurance known to local trade associations and to their government officials in charge of commercial relations between countries. Restrictive measures by governments are cumulative, Mr. Byrne asserted. Reinsurance cannot go on forever absorbing abuses to sound direct underwriting practices, he declared.

Miles F. York of Atlantic Mutual prepared a talk on marine insurance

(CONTINUED ON PAGE 23)

Mo. Agents Ready Program For Annual

Missouri Assn. of Insurance Agents is preparing the program for its annual meeting, Oct. 19-21, at the Coronado Hotel in St. Louis.

Luncheon speaker Monday, Oct. 20, will be Kenneth O. Force, executive editor of THE NATIONAL UNDERWRITER. In the afternoon, an open forum on "Three Way Street—The Prospect, The Company, The Producer" will be held. Panelists will be Donald Brain, Kansas City; Morris Dunklin, Cape Girardeau; Seldon Brown, insurance director, Associated Industries of Missouri, St. Louis; William Crandall, manager Aetna group, St. Louis, and John Henschke, St. Louis.

A rural agents breakfast will open Tuesday morning's business, and the regular program for the day will commence with a talk by Richard Wickenhauser. Alvie J. Claxton of Beatrice Foods will be the luncheon speaker.

Idaho Agents Hear Gov. Smylie At Annual

Governor Robert D. Smylie came out in favor of recodification of Idaho's insurance laws and expressed his opposition to compulsory automobile insurance legislation in his address of welcome at Idaho Assn. of Insurance Agents annual convention in Sun Valley.

Robert E. Brown, partner in the James W. Perry agency, Boise, was elected president of the association. Mr. Brown had served as convention chairman. Elected for three-year terms to the board were George Connally, Priest River, reelected for the north region; Warren Hill, Boise, southwest region; John Whitsell, Twin Falls, reelected for the south central region, and Charles Packham, Pocatello, reelected for the southeast region.

Restaurants Join Super Markets, Etc., As Loss Producers

After a year of quite heavy losses on restaurants, this class of risk has been put on alert by most insurers. Underwriters have been advised to watch the company's commitments. Some insurers, it is said, have quit writing them altogether. Most companies, however, have not changed their line guide, but since the guide has a range of amounts for which the insurer will write a risk, more restaurants are being written at the minimum than at the maximum.

Across the country, by and large, it is the highway restaurant, the suburban eating place, that is burning. In the east some of them have been old landmarks which, as restaurants, have attracted business from a considerable distance. The highway restaurant fire is illustrated by the Maridor at Framingham, Mass., on the Boston-to-Worcester turnpike. It burned with estimated damage of $200,000.

Light Or No Protection

Underwriters don't believe there is any moral hazard involved in these fires. There is light protection and, in some cases, the restaurants are in non-protected areas. But business seems to be reasonably good. Apparently there has been, however, enough of an increase in carelessness and poor housekeeping to produce the big increase in loss, and these are the factors that underwriters are checking, as they enforce a more stringent underwriting policy.

Chicago, of course, represents a special situation. Here some of the quite large restaurant losses have involved properties within the city and under good protection. Some of these fires have been mentioned in Congressional investigation into labor racketeering.

Thus restaurants have joined lumber yards, bowling alleys, super markets, and farmer's markets as commercial risks with a very poor record. Underwriters say super markets have been causing excessive losses for four or five years, bowling alleys for a couple of years, lumber yards for a long time.

Bowling Alleys Burn Again

Bowling alleys had a run of heavy fires during and after World War II, but caused little difficulty for several years until two years ago. There is no moral hazard here, since the alleys are getting as big a play as they ever did, or more. The trouble is that they are open many hours a day, and there is a good deal of careless smoking. Farmer markets are poorly constructed, sprawling, lightly protected, and full of merchandise. Two fires in such markets in New Jersey last year cost the insurers more than $2 million.

Super markets have become bad housekeepers, perhaps chiefly because good housekeeping costs money; and they save money on employes, also. Consequently, trash accumulates in basements or out of sight in back rooms. When fires break out they are slow to be detected and hard to put out.

Federation of New York Insurance Women's Clubs will hold its midyear meeting at the Auburn Inn, Auburn, Oct. 10-11.

THE NATIONAL UNDERWRITER. Published weekly by the National Underwriter Company, Office of Publication, 175 W. Jackson Blvd., Chicago, Ill., U.S.A. 62nd year, No. 38, Friday, September 19, 1958, $7.50 per year (3 years, $20); Canada $8.50 per year (3 years, $23); Foreign $9 per year (3 years, $24.50). 30 cents per copy. Entered as second-class matter April 15, 1931, at the post office at Chicago, Ill., under Act of March 31, 1879.

Benefits Of Flat Commission Plan Are Detailed By Alexander Bell

Reducing commissions on automobile business from 25% to 20% or even 15% is not the real solution to the automobile headache. For some classes at any rate, a 15% commission is too high! Only by paying the same amount—not percentage—of commission on all classes equal to a 25% commission on class 1A business can commissions be equated with the present rating classification structure and the problems of the insurers alleviated. This was the highly controversial formula presented by S. Alexander Bell, manager Midwest Independent Statistical Service, before the sales and agency conference of Conference of Mutual Casualty Companies in Chicago. He made the suggestion originally a few months ago to members of Midwestern Independent Statistical Service.

A Provocative Idea

The provocative content of his talk masked under the prosaic title "An Actuary Looks At Automobile Acquisition Costs." Mr. Bell startled his audience with the announcement that his proposed "flat commission" system would enable premium reductions in many of the more desirable classes, thus enabling insurers to compete price-wise with deviating companies.

He referred to the proposal he had made several months before to revise the method of calculating acquisition allowances in automobile insurance rates by providing for a standard commission on all auto business based on the lowest rated classification on all classes of business regardless of the total amount of the premium. Then continued, "It was further my suggestion that the differential be considered in the makeup of the premium and be passed on to the policyholder. We have made some calculations since then based on a considerable volume of experience statistics in the state of Illinois and here are the general results. At the present time the indications are that the premiums on classes 2 and 3 in Illinois require an upward adjustment of 26.9% based on the present rating methods.

Shows Systems' Results

"By adopting the principle which I proposed of paying the same amount of commission on all classes equal to a 25% commission on class 1A business, the effective rate of commission on the various classes would be as follows: Class 1A 25%; 1B, 21%; 1C, 18%; 2A, 14%; 2C, 10%; and 3, 15%. If such commission rates were to be put into effect in the state of Illinois at the present time, and the differential passed on to the public, on the basis of current experience, the over-all shortage in the premium in these classes of 26.9% on bodily injury and property damage would be satisfied by an over-all rate revision of only 11.9%. At the same time, it would result in the following reductions in premiums to policyholders as against those which the present system would require them to pay: Class 1C, 7%; 2A, 10.9%; 2C, 14.8% and 3, 10.2%."

Beginning with a brief look at the basic elements of the cost of insur-

(CONTINUED ON PAGE 35)

Harold L. Bredberg, president Bredberg Reports, Chicago, center, presenting the two low Peoria score winners their awards at the annual joint golf outing of Casualty Underwriters Assn. and Burglary Underwriters Assn. of Chicago at St. Andrews Country Club. Jack Lauders of American Surety, left, was the Bredberg award winner in the casualty association, and George A. Schramm, casualty department manager Fidelity & Deposit, won a like prize in the burglary association. The award, which is to be an annual event, was inaugurated by Mr. Bredberg this year on his 20th anniversary as secretary of both associations.

Adriatica Reports Successful 1957

Adriatica of Trieste and Milan, which has seven allied insurers in Italy, and 20 abroad, including Jefferson of New York, wrote $130,204,346 in premiums in 1957, compared with $119,967,000 in 1957. Of this sum Adriatica wrote $49,759,686, the Italian affiliates $30,469,040, and foreign affilates $49,975,620. These figures in 1956 were, respectively, $46,347,000, $26,640,000, and $46,980,000.

Adriatica itself wrote about one-third of its premiums in life, a third in fire, and the remainder in marine and miscellaneous. The company reported a financial profit of $757,553 for 1957. It had assets at year end of $104,058,227.

Jersey Central Had Liability Coverage

Jersey Central railroad, whose late commuter train Sept. 15th plunged through an open drawbridge into 50 feet of water in Newark Bay, carried some liability insurance. However, the railroad did not indicate how much. Forty persons were believed killed and 20 injured in the wreck, which happened in spite of the fact that automatic safety defices including a derailment were set and apparently working. The weather was clear.

Some railroads are self insured for both liability and physical damage. In general, those that are not carry an excess liability policy, usually in London, with a substantial retention, which is self insured.

Among those who were killed was Elton W. Clark, 71, retired official of Allied Dye & Chemical Corp. and a director of Hanover and Fulton, and Frederick H. Douglas, 79, stock broker, who was a director of Firemen's of Newark.

—

Hadley-Mahoney Co. agency of Indianapolis has moved from its downtown location, 2939 North Meridian street. The new offices are in a new building about three miles north of the center of the city, in an area where many insurance home offices and branch offices have relocated in the past few years.

S. C. Agents Organize Multiple Line Company

A new South Carolina fire and casualty insurer will be formed by amendment of the charter of First Citizens Insurance Agency, a Columbia corporation which operates as managing general agents. It has acquired the business and assets of a general agency with annual premiums of about $500,000, produced by more than 100 local agencies in the state.

Gilbert Roberson, who since 1947 has owned and operated State Insurance Service, managing general agency of Columbia, and is president of First Citizens Agency, has signed a long term contract as general manager of the projected company.

The present corporation has 50,000 shares of $3 par common stock, of which 4,000 shares have been bought by organizers and incorporators at $10 a share. The remaining 46,000 shares are being offered to the public at that price. When stock sales meet the legal requirements, the charter will be amended and the agency will become First Citizens Ins. Co. The company will write multiple lines in South Carolina only, but plans to enter other states.

A special president's advisory committee of local agents includes John L. Brown of Sumter; William F. Drew of Anderson; Roy E. Garris of Columbia; George Glass of Florence; Louis H. Martens of Charleston; Sam L. McKittrick of Cayce; W. Donald Owens of Greer; Claude B. Patrick of Gaffney; Heber E. Rast of Cameron, and J. W. Vildibill of Columbia.

Mr. Roberson and Roy Jenkins, Piedmont agent, are among the directors.

5,000 Michigan Students Subscribe To Health Plan

More than 5,000 University of Michigan students purchased health insurance policies during the first year of a new program sponsored by the school's student government. The student group plans to offer the program again during 1958-59. Premiums will be approximately $15 for single students and higher for spouse and maternity benefits.

The student plan is underwritten by American Casualty.

Voorhees In Mich. Field

Winn D. Voorhees has been appointed fire special agent in the western Michigan field for Fireman's Fund and will operate out of Grand Rapids. He previously has been with Michigan Inspection Bureau.

O.S.S.

OPERATION SUPER SAFE

A TESTED NEW APPROACH TO PLANT SAFETY

another KEMPER service for . . .

producers . . .

a competitive advantage which enables them to sell and hold the large Workmens Compensation risks.

policyholders . . .

increases production, improves safety, betters employee relations and reduces insurance costs.

why a new approach . . .

Although most plant managers recognize the importance of their foremen in safety work, many assume that foremen know more about accident prevention than they actually do. As a result, too often the emphasis has been placed on educating workers while too little effort has been made to secure the understanding cooperation of foremen.

Recognizing this, the Safety Engineering department of Kemper Insurance conceived and tested a new approach to plant safety through a special *Safety Training Course for Foremen.* To policyholders' foremen, and our engineers, this program is known as *Operation Super Safe.*

The secret weapon of Operation Super Safe is the foreman himself. The president of one company using the program describes it this way: ". . . an excellent job of selling safety to all employees *through the foremen.*"

foremen stimulated to think

Operation Super Safe equips foremen to become group leaders. It helps them develop a safety conscious attitude and, at the same time, develops their ability to pass on this attitude to those working under them.

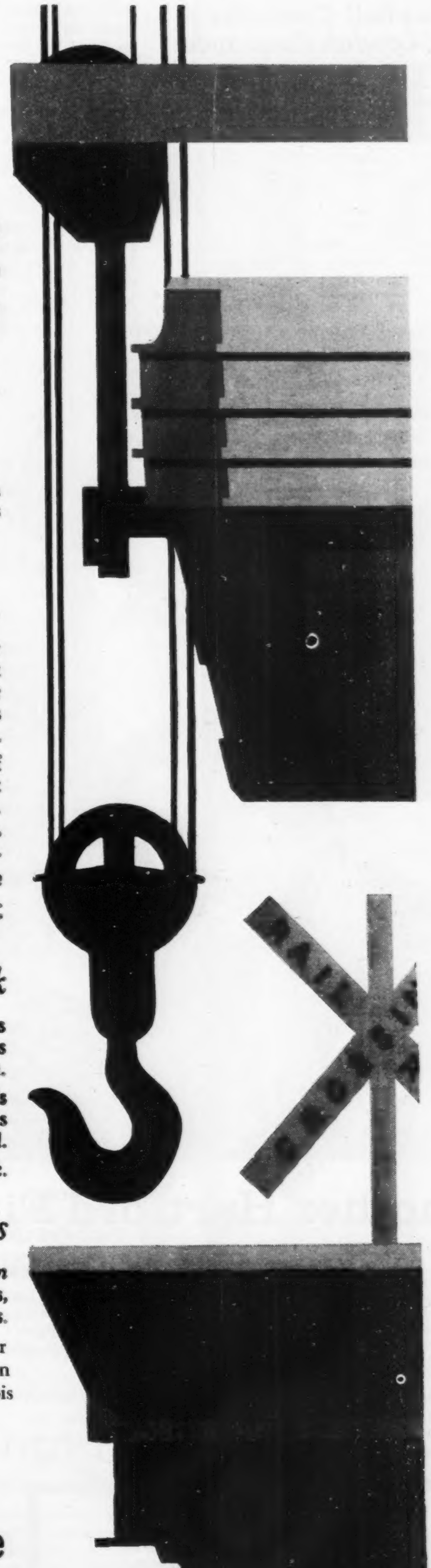
This is accomplished by combining study of the fundamentals of accident prevention with the teaching techniques shown to be most effective—the group discussion method.

It is a combination which stimulates foremen to think.

tested with more than 100,000 workers

The *Safety Training Course for Foremen* already has been tested with some of our policyholders, benefiting more than 100,000 of their employees.

For brochure giving further information on how Operation Super Safe will benefit your clients, write Agency Production Department, Home Office, Chicago 40, Illinois



Lumbermens Mutual Casualty Company
American Motorists Insurance Company

divisions of **KEMPER** insurance

Chicago 40, Illinois

Turnbull Controller Of London Assurance

David L. Turnbull has been appointed controller of the U.S. branch of London Assurance. He was also elected secretary of Manhattan F.&M. and is expected to be elected resident secretary of Guarantee.

Mr. Turnbull joined the group in February as eastern regional controller. Previously he was with SPAN, the electronic processing center at Hartford operated by Springfield F.&M., Phoenix of Hartford, Aetna Fire and National Fire, as director of research, where he coordinated the work of the four participating groups.

—

Two Mo. Assns. To Meet

The 1958 fall meeting of Missouri Fire Prevention Assn. and the meeting of Missouri Capital Stock Insurance Assn. will be held Sept. 18 at Jefferson City. The program for fire prevention week by members of both associations will be prominent on the agenda for their gatherings.

Va. Agents Appeal Cut In Auto Rate Formula

Virginia Assn. of Insurance Agents has appealed to the state supreme court on two recent decisions by the state corporation commission on automobile liability and physical damage rates. The appeal is based on the reduction in the acquisition cost factor in the rate schedule from 25% to 20%. This change was effective when the commission increased liability rates in July by an average of 10% and when it rescinded in August 6 points of a 6.12% PHD rate been granted in June.

The association contends that agents' commissions, which are a part of the acquisition cost factor, are a private matter between agents and their companies and are not subject to regulation by the commission. It also maintains that factual data is needed before the commission can alter the formula.

Richard E. Smith, executive secretary of the association, said that National Bureau, which has proposed a nationwide production cost allowance of 20%, had indicated that it would consult state associations before taking this action but did not contact his association. Mr. Smith pointed out the possible inequity in granting rate increases to companies while reducing agents' commissions at the same time. He said that action by the court is not likely to affect rates but only the formulas on which they are based.

—

Hartford Steam Boiler Transfers Heyn, Nicol

Hartford Steam Boiler has appointed D. R. Heyn chief inspector at Pittsburgh. He will succeed W. C. Nicol, who is being transferred to Hartford as engineering consultant.

Mr. Heyn, who was previously senior supervising inspector at St. Louis, joined the company in 1946, and has served as supervising inspector in Baltimore.

Mr. Nicol has been chief inspector at Pittsburgh since 1950, prior to which he held similar positions in several other branch offices.

—

Expedite Licensing In Pa.

Commissioner Smith of Pennsylvania, as a result of extended studies, has made changes in renewing agents' licenses to expedite the procedure.

Hereafter, all agents' licenses will be automatically renewed on a yearly basis with no physical issuance of licenses. The department will submit to each insurer a master list of agents for verification. Upon return of the verified lists, the agents listed will be automatically licensed for an additional year.

—

Chicago Insurance Buyers To Meet

Chicago chapter of American Society of Insurance Management will hold its first fall monthly dinner meeting Sept. 18 at Chicago Bar Assn. Guest speaker will be Rudolf S. Christiansen, vice-president American Reciprocal Insurers.

—

Arkwright Mutual has elected Kenneth W. Fraser, financial vice-president of J. P. Stevens & Co., New York City, and Wilfred M. Hall, president of Charles T. Main Inc., Boston, directors.

Drop Salvage Units In More Big Cities

Fire patrols and salvage corps will be discontinued in four more cities, according to National Board. Worcester Protective Department, Chicago Fire Patrol, and Underwriters Salvage Corps of Cincinnati have voted to cease operations on or before next June 30. Boston Protective Department is studying a plan of discontinuance. Last June, Fire Insurance Salvage Corps of Baltimore discontinued.

Action in these cities follows similar steps in Duluth, Indianapolis, Kansas City, Louisville, Memphis, Milwaukee, Minneapolis, Newark, New Orleans, St. Louis, St. Paul and San Francisco, and is in line with long established recognition that salvage work is part of modern fire department operations.

In most of these cities, the function was taken over by fire departments. In each city, the insurance business provided for employes of salvage corps through continuing allowances for those who had reached retirement age or had been disabled. Severance payments were made to younger men who were not absorbed into the local fire departments.

No new fire patrols or salvage corps have been authorized by the insurance business since 1917, and the trend toward discontinuance of these operations increased due to improvement in modern fire fighting departments which gradually assumed this work. Many of the largest cities have never had separate salvage units.

United To Build Home Office In Chicago Loop

United of Chicago has completed the purchase of property located at the southeast corner of State and Wacker drive. President Jack R. Hogan stated that plans were being drafted to erect an ultra-modern air conditioned office building of 25 stories, in keeping with Chicago's "new look" program for the Loop area. Ten floors will be available for rental. There will be two lower level parking areas. It is anticipated that the new building will be ready for occupancy by the end of 1959.

N. J. Agents Answer Commission Queries

The special commission study committee of New Jersey Assn. of Insurance Agents distributed a 12 point questionnaire to members at the annual meeting at Atlantic City to obtain data to guide the current investigation of agents' compensation. The number of replies to specific questions varied, since some agents did not answer certain queries. Several questions drew a top response of 116 answers, which represent about 9% of total association membership.

In view of current conditions, 27 agents said they would accept a cut in automobile commissions, while 87 were opposed. Only eight would stand for a reduction in other lines, while 108 would not. At present 84 respondees to the questionnaire have contingent agreements and 28 do not. A reduction in commissions would be acceptable to 60 agents, if it were accompanied by a good contingent or profit sharing agreement, but 44 voted against that idea. On the question of a policy writing agent being entitled to a higher commission than a non-policy writer, the response was unanimous with 108 votes in favor. Direct company billing was approved by 22 agents and opposed by 41; renewal certificates had 31 supporters and 30 opponents, and continuous policies were acceptable to 62 and rejected by 52.

Use Of Deviating Plans

The widely discussed primer on commissions by Robert E. Battles of Los Angeles, past president of NAIA, has been read by 52 respondees but is unfamiliar to 61. Deviating automobile plans are being used by 36 agents replying, while 80 have no such arrangement. Of the number using them, 31 said they were receiving reduced commissions while 32 had taken no cut. The last two figures are at variance with the reply to the query on how many agents are actually using the deviating plan, since only 36 indicated they were, while 63 replied to the query on commissions in connection therewith. In other lines, 31 agents are using deviating plans and 86 are not.

When the report of the special commission study committee is submitted, the association will take a stand on the question of reduction from 25% to 20% in the acquisition cost factor in future automobile rate filings, according to Henry A. Franz of Clifton, immediate past president. This subject was the main topic at the meeting.

New Agents' Qualification Law

Robert R. Peacock, assistant to Commissioner Howell, credited the association for achieving the new agents' qualification law, which becomes effective in December. He pointed out that under the bill the first time applicant for an agent's, broker's or solicitor's license will not be able to take the examination until completion of a course of study promulgated by the commissioner. The latter has the problem of setting standards for the course which are not unreasonable. Accordingly, the commissioner anticipates a course of approximately 90 classroom hours of multiple line study.

The applicant for examination must obtain a certificate of successful completion from a school approved by the department. Mr. Peacock said the effect of this procedure would be to raise the industry closer to a professional category. He reviewed the additional powers of revocation and supervision given to the department under the bill and called particular attention to a section which prohibits any company or licensee from paying consideration for obtaining business to any person or organization other than another licensee. This has been unclarified in the past and the question has posed problems for the department.

Eicher To Ohio Field

C. Dean Eicher has been appointed by Lumbermen's Mutual of Mansfield as special agent in northeastern Ohio. He has been with the company for five years in the sales division.

South Jersey CPCU chapter heard a discussion at its September meeting on "The Growing Necessity for High Limits on Casualty Policies," by J. Richard Clark, vice-president of Smith-Austermuhl agency of Camden.

Multi-Line Promotions Made By North America

North America has advanced William A. Francis from assistant secretary to secretary in personal multiple lines, and Edgar R. Johnson from assistant secretary to secretary in commercial multiple lines. Chapman Brown was elected assistant secretary.

John C. Phillips, claims secretary of North America, was elected to the same post by Indemnity of North America. Frederick J. Hislop was elected assistant secretary of both companies. Roger W. Thomas was named assistant secretary of Indemnity. Thomas M. Torrey, marine manager of North America at New York, was promoted to resident vice-president there.

Life of North America advanced Leroy G. Steinbeck from assistant vice-president to vice-president. Charles E. Stevens, assistant secretary of Indemnity was elected to the same office by the life affiliate. C. Thomas Chandler, Douglas R. Schoenfeld, and Harold E. Stanard, were appointed superintendents of agencies.

FBI Chief Scores Indifferent Motorists

The careless, indifferent motorist is as great a threat to this country as the most vicious gunman, according to J. Edgar Hoover, director of the Federal Bureau of Investigation, in an article appearing in the current issue of Home & Highway magazine, published by Allstate.

"The time has come for the American people to stop tolerating the arrogant, disrespectful attitude which so many motorists openly display toward the traffic codes," the FBI chief said. "Drivers who prove by their own actions that they constitute a menace to themselves and others must be denied the privilege of operating motor vehicles."

In areas where the existing laws are inadequate to meet the problem, new and more realistic traffic codes should be adopted, according to Mr. Hoover. He recommended that maximum fines and long jail sentences be imposed on violation repeaters when it is in the public interest to do so.

Flouting Law Is Fashionable

Flouting of traffic regulations has become not only common, but fashionable, he remarked. "Disrespect for traffic regulations has become so commonplace throughout the United States today that in the minds of many motorists, it is fashionable to exceed the speed limit, to drive through stop signs, to pass other cars on hills and run a traffic light if no police cars are in sight. Reputable citizens—persons who would never think of committing other types of violations—run the gamut of traffic offenses without suffering the slightest pangs of conscience."

The public is so used to ignoring traffic laws, Mr. Hoover declared, that drivers become indignant when arrested for violations. "Loud protests have been raised against the use of radar to detect speeders and, thereby, to make the roads safer for all. Police officers who stop violators are sneered at and subjected to insults. Many offenders complain about the 'inconvenience' of having to appear in traffic court. Warnings, pleas, and educational programs have made the least impression where the need for them has been the greatest possible."

Edwards, Osborg To Posts In East For Kemper Group

L. F. Edwards Jr. has been named production manager for Kemper companies' Summit, N. J., division territory and Arthur J. Osborg has been appointed national risks manager of the eastern department of Lumbermens Mutual Casualty and American Motorists.

Mr. Edwards has been with the Kemper group since 1940. Mr. Osborg has been in the insurance business since 1932. He joined the Kemper organization in 1955 as a special risk representative, and the following year, he transferred to the Summit office as field production manager.

Johnson In Claims Post For Hartford At N. Y.

Carl A. Johnson has been appointed assistant claims manager at Hartford Fire's New York office. Edwin S. Griffith succeeds him as claims manager of Hartford Accident at Syracuse.

Both Mr. Johnson and Mr. Griffith joined the company in 1948.

To Offer Insurance Courses

Illinois Wesleyan University department of insurance will offer a series of professional insurance classes, including the CLU, CPCU and Life Office Management Assn. courses. Separate classes will be offered for parts A and C of the Insurance Institute of America examination. William T. Beadles, dean of the department and president of American Assn. of University Teachers of Insurance, and Edward Larson, assistant professor of insurance, will be instructors.

Forecast Changes In Underwriting, Educating, Adjusting And Distributing

BEDFORD—One thing agreed upon by all four participants in a panel discussion of what's ahead for the insurance business, at the annual convention of Pennsylvania Assn. of Insurance Agents here, is that the business is undergoing substantial changes and that more lie ahead.

R. H. Wherry, head of the department of commerce at Pennsylvania State University, acted as moderator of the panel and in addition discussed insurance education. Drew C. Briner, general adjuster of National Union, said that because of the surge of losses in recent years, companies face the necessity of grading up loss personnel and improving procedures to stop serious leaks in the underwriting results.

Samuel H. Swart, vice-president of Reliance, predicted that the agency companies will refine their classifications so that competitors cannot continue to take the best business out of a class and leave the worst to the agency insurers. Kenneth O. Force, executive editor of THE NATIONAL UNDERWRITER, observed that rising loss ratios on the one side and intense competition on the other are forcing agencies and companies to eliminate waste and duplicate effort in agency distribution of insurance.

Historically, Mr. Wherry noted, insurance education has come a long way. But it is today only on the threshold of its greatest period of expansion. The reasons for this are the continued growth in population, an increase in social programs such as community development, fringe benefits in industry, social security, etc.

He observed that social awareness is not synonymous with socialism. Social awareness means that the individual wants a higher and broader standard of living through his own efforts and those of private enterprise rather than having these things done for him by the government.

More Spendable Income

Another factor is that more spendable income is available to the average family than heretofore. Consequently, intangibles such as insurance will be bought to a greater extent than in the past. Many legal changes, such as financial responsibility laws and bonding requirements, have increased the demand for insurance in one way or another.

The business itself has established many programs. But a distinction must be made between education and training, he said. Education is far broader in its concept and is more philosophy and theory and less how to do it. The professional concept in insurance gradually is coming into focus, Mr. Wherry believes.

In insurance, a professional person must consider first of all that it is imperative that he deliver unselfish service to his client. This in turn puts him in a unique position of trust. The average buyer of insurance lacks the skill and knowledge needed to evaluate the professional services rendered him.

This is true in any profession, such as law, medicine, etc. The buyer proceeds on the assumption that his adviser is fully competent to assist him, that he is motivated by a clear understanding of duty, and that he is a man of character who can be entrusted with the most intimate and pertinent information. This implies that the agent's ability to advise and his integrity to advise the best solution to the individual's insurance problem will always be of paramount importance to the agent. The agent's knowledge and skill are tied to moral purposes. If this is what is ahead for insurance education, Mr. Wherry believes that colleges and universities are at the point of leverage for the entire business.

Recently one school made a survey which shows that approximately 400 colleges and universities in the U. S. now offer at least one course in insurance. The trend has been upward, and insurance has obtained collegiate status he declared. Penn State has established an insurance major in the college of business administration.

Many Colleges Training Teachers

University of Pennsylvania has been training collegiate teachers of insurance for many years. But now many other leading universities over the country are also doing this in the graduate field of insurance education he said.

The other important phase of insurance education has been left pretty much to the business, that is the technical changes in coverages and how to do it. In addition the individual must secure information and education by himself, and in this respect the CPCU is an outstanding example of opportunity.

He suggested that the agents today are in a position comparable to that of the wholesalers of 1929. But through education, additional services, and new marketing methods the wholesalers staged a revitalized program and have regained the important position they formerly held in the distribution system. Thus the agent with the assistance of educational institutions and the training programs of the business itself has every opportunity to meet the challenge that lies ahead, Mr. Wherry declared.

More changes have occurred in the business in the past 10 years than in the 100 years that preceded the last decade, Mr. Briner said. Many are now asking if the business has reached a leveling off. Mr. Briner does not think so. The struggle is yet to come. It will be a struggle in which the fit will survive. Certainly it will be a period in which the relations of companies and agents will be more important than ever.

The development of new coverages in recent years has resulted in an increased volume of losses and claims, such an increase that the work has outstripped the development of claim and loss department personnel to handle it. He noted that it is not possible for a company or the business to determine ahead of time what ad-

(CONTINUED ON PAGE 36)

COMMENTS TRENDS OBSERVATIONS

NACCA Likes The Slightly Stout Extrovert As Juror

The middle-aged, slightly overweight extrovert who is president of his club makes a desirable member of the jury from the plaintiff's point of view, because he probably will be generous in awarding damages in personal injury suits. At the same time, a schoolteacher, often underpaid, may be stingy, especially if the plaintiff is a laborer making higher wages than he.

These and other points of psychology in weeding out jurors who might not agree with the NACCA theory of squeezing the insurance companies were revealed by Craig Spangenberg, Cleveland attorney, speaking before the annual seminar of Wisconsin chapter of National Assn. of Claimants' Compensation Attorneys at Milwaukee.

A teacher earning $4,000 a year is a dangerous juror because "he'll resent the fact that some clod who went through the eighth grade is making $6,800 and will take out his resentment on the laborer in a jury trial," Mr. Spangenberg explained.

Calls Neat Person 'Confused'

He warned against the person who makes a fetish of being neat. This person is often "very confused and disturbed inside" and will be upset by discrepancies in testimony. He also cautioned against impaneling the elderly, hardpressed pensioner to whom $1,000 seems like a fortune. He's likely to push for a fair settlement.

At the same time, he described the loud, over-dressed, brash fellow as being emotionally well-balanced, happy and likely to argue for larger awards.

Other points noted by Mr. Spangenberg were that small businessmen tend to regard damage suits as dangerous because their business overhead may be increased; wealthy people make the best jurors because large sums of money don't mean so much to them; some nationality groups which have known years of hardship may lack sympathy for injured plaintiffs; and the sure way to impress a woman juror is to tell her how intelligent she is and that she possesses the necessary logic to make a good decision.

Says W C Fails

The NACCA seminar was also told that workmen's compensation fails to provide a decent living for seriously injured workers. Samuel B. Horowitz, Boston attorney, said the average compensation for an injured worker is $35 a week, and he blamed the "insurance company lobbies" in the state legislatures for keeping compensation payments low. He said figures compiled by the Department of Health, Education and Welfare showed that insurance companies had to pay out in compensation only half of the funds paid in by employers.

Insurers, Not Agent Or Insured, Push For Complete Multiple Lines

By HOWARD J. BURRIDGE

Much has been said and written in recent months about companies going completely multiple line; fire companies establishing life affiliates and life companies buying fire and casualty companies. There is a marked and unmistakable trend in this direction, and there should be no doubt that it will continue.

But so much of what has been said about it is entirely beside the point, which is that this is a movement initiated and carried forward by the companies themselves. Neither local agents nor the public has had anything to do with it, in spite of what might have been said to the contrary. Local agents already have adequate facilities for all forms of coverage that they write. No demand for multiple line facilities in one company or one company group is being made by them.

Sometimes a multiple line company is a convenience and a help and is an arrangement that is liked by the agent, but on the other hand there are thousands and thousands of agents who have no completely multiple line company in their offices who are doing very well in the handling of their business by representing separate fire, casualty, life and A&S companies.

As to the public, it is foolish for anyone to believe that it wants "one stop" arrangements in the buying of insurance. Instead, it wants "one agent" connections. Anyone with practical local agency experience knows that, almost without exception, the buyer of any form of coverage accepts the policy that the agent provides, and does not insist that it be in a company that writes on the multiple line basis.

Public Deals With Agent

Multiple line writing is not being called for by either the agent or the public. If left to them, it would be a dead issue. In both property and personal insurance, the public deals with the agent, not the company. Only in rare cases is the company a factor. Price is sometimes of importance, but when that question has been settled, the average buyer of any form of insurance accepts the policy that the agent provides.

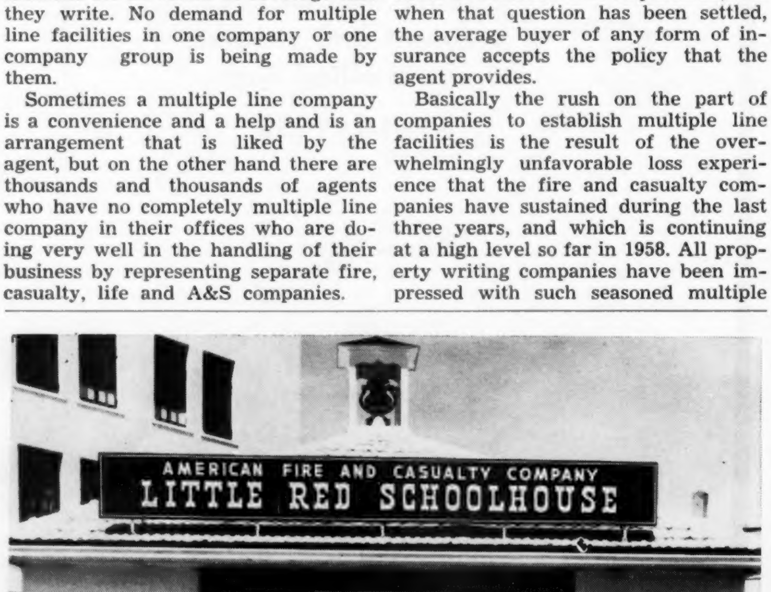
Basically the rush on the part of companies to establish multiple line facilities is the result of the overwhelmingly unfavorable loss experience that the fire and casualty companies have sustained during the last three years, and which is continuing at a high level so far in 1958. All property writing companies have been impressed with such seasoned multiple line operators as Travelers, Aetna Life and Continental Casualty. They have observed that these and other multiple line companies of smaller size have lost money on their fire and casualty business during the same years that they have been registering a comfortable profit on life insurance. Functioning as multiple line insurers, they have been able to benefit from an all inclusive underwriting program.

It is interesting to observe that among the first 12 companies in the fire and casualty field writing the largest property business, six—Travelers, Aetna Life, State Farm, Continental Casualty, North America, and Allstate—are multiple line companies. In addition, Home recently entered the life field through the purchase of Peoples Life of Indiana, and Hartford Fire will shortly conclude negotiations for the purchase of Columbian National Life. Of the first 12, only America Fore Loyalty, Liberty Mutual, U.S.F.&G., and Royal-Globe do not function in the life field. A number of other property companies, high on the list for property premiums, already are in the life field. They are the Kemper group, St. Paul F.&M., Farmers of Los Angeles, Employers group, Trans-America and General of Seattle. They recently have entered the life field. Thus the record is that most of the larger, more prominent and aggressive companies are adding life affiliates. With the passing of time they are certain to become of increasing importance in the production of life business.

Entry Into Life Is Logical

The entrance of the property companies into the life field is a logical move. These companies have thousands of agents who have represented them over the country for long periods of time. Their state and special agents maintain a close working relationship with them. It is reasonable to suppose that these large agency plants will gradually begin to write their life business in the life affiliates of fire-casualty companies they have represented so satisfactorily for so many years. This is not likely to occur immediately. But with the passing of time the volume from them will be impressive and, of course, all newly appointed agents will be indoctrinated with the idea of writing "across the board" for a multiple line company, even though its life company has been acquired only recently.

In other words, the property company has a ready made agency organization. It is not confronted with the very high cost of starting from scratch to build an agency staff. This is a formidable hurdle it is not obliged to encounter. Further, it can make appointments through its established state and special agents, which is an addi-



American Fire & Casualty will reopen its modern-day, old-fashioned "Little Red Schoolhouse" on Sept. 29. The school is located next to the company's home office in Orlando, and is the home of American Institute of Insurance & Human Relations, the educational division of the company. Founded in 1945, it was the first accredited insurance school in the state. Harold E. Marsolf, vice-president, has been in charge of the program from inception. Students from many states attend the multiple line school and many have become leading producers of the company.

tional and important saving. It can be certain of making a profit through its life company, in this way tending to reduce the total loss from property operations which may continue to be high for the next few years.

Companies which have been smarting under the burden of excessive fire and casualty losses find themselves turning with relief and enthusiasm to the writing of a form of insurance that is just about certain to produce a steady, satisfying net gain from operations, year after year. Many property companies feel that an investment in a life affiliate is, for all the reasons discussed, the wisest way in which to invest a part or even a relatively large portion of their surplus funds.

On the other hand, it is not so easy to understand why life companies have turned, in several cases, to the purchase of fire or casualty affiliates. Here the picture is exactly reversed. These companies, without property insurance experience, have entered a field which in the last few years has been productive of the highest loss ratios on record. On the present basis, it offers attractions that are exceedingly doubtful, at least in the immediate future. The only understandable reason is that the life company buying a property affiliate will by this process obtain a large seasoned agency plant that would be very costly for a life company, writing life alone, to establish.

Laws Apt To Be Changed

With the trend toward multiple line, it may be possible that in some states the laws may be changed so as to permit one insurer to write all forms of coverage. For example, Ins. Co. of Oregon has no affiliates and is on a multiple line basis. Permission to operate in a similar way might be granted in other states within the next few years.

The most unjustifiably restrictive law on the books is the one in New York which does not permit a life company, wherever domiciled, if operating in New York state, to buy a fire company. There was, of course, the famous case of Connecticut General, which was prevented by the New York insurance law from acquiring National of Hartford. On the other hand, Hartford Fire, which is now negotiating to purchase Columbian National Life, will undoubtedly be permitted to do so, so far as the New York department is concerned, because there is no law preventing such an acquisition. There is no doubt but that the New York law will be changed as the opposition to it becomes more determined and vocal.

Agency Organizations Impress

Any discussions of a company operating on the multiple line basis, and there will be many of them in the future, should not be concluded without remarking that the regulation stock, fire and casualty companies have been impressed more than a little by the size and effectiveness of the agency organizations of the exclusive agent companies. Such organizations all began in the property field, writing principally automobile insurance in the smaller towns and cities. Their particular type of operation requires their agents to make many calls, including a large number in the evening. Their success in the automobile field is beyond question. Several of them now provide fire and casualty coverage on property other than automobile, and most of them have organized life affiliates.

Their success in the life field has been so pronounced as to warrant close attention and study. It demonstrates that the average local agent can make a success of life insurance; that pushing and selling life need not interfere with the average local agent's property insurance operations. These captive agent companies have, on performance, established beyond contradiction the fact that the local agent of any size anywhere can be persuaded to increase his income materially by writing life insurance.

Monarch Life To Move Into Home Office Of Springfield F.&M., Its New Affiliate

Monarch Life has completed plans for moving from its present home office at 365 State street, Springfield, Mass., to the headquarters of its new affiliate, Springfield F.&M., at 1250 State street.

Involved in the move, scheduled to begin Sept. 26 and end Oct. 1, are some 500 Monarch home office employes, their office equipment, plus hundreds of business machines.

As a result of the shift, Monarch's modern home office building, a three-story modern stone and brick structure with 54,000 square feet of floor space, is up for sale. A large training school building with library, classrooms and dormitory, a separate storage building with over 4,000 square feet of floor area and a parking area are also on the market.

Insurance Society Of N. Y. Appoints Weeks Librarian

Insurance Society of New York has appointed Harry S. Weeks librarian to succeed Mrs. Ruby E. Breitner, who resigned.

Mr. Weeks has been with the New York public library system for 10 years and has been, since 1955, principal assistant librarian of the Donnell library center, the largest unit in the New York system.

Formosa A War Risk

Johnson & Higgins, has advised that London underwriters have added Formosa and the Formosa straits to the world-wide exclusions in all hull war risk insurance arranged on and after Sept. 5.

N. Y. Brokers Award Donovan Gold Medal

General Insurance Brokers' Assn. of New York has selected James B. Donovan of the law firm of Watters & Donovan, New York, to receive its 1958 Gold Medal award for the most meritorious service to the insurance business. He will accept the honor at the association's annual dinner at the Waldorf-Astoria Oct. 29.


James B. Donovan

Mr. Donovan's firm represents National Board, National Bureau and National Automobile Underwriters Assn. as well as the stock company nuclear pools, and several other associations and individual companies. He has represented Assn. of Casualty & Surety Companies and other litigants in courts of last resort throughout the country. He received the Tyne award from Federation of Insurance Counsel in 1953 for outstanding contributions to the field of insurance law.

J. Victor Herd, chairman and president of America Fore, was chairman of the Gold Medal award committee, comprised of past winners.

—

Hear Donley At Indianapolis

Robert C. Donley, associate editor of the Insurance Salesman, was speaker at the Indianapolis A&H Assn.'s opening meeting Sept. 8. His talk was titled "A&S Sales Ideas That Really Work."

N. Y. Broker Survives Second Train Disaster

G. H. Planitz, New York City broker, suffered knee and ankle injuries when a Jersey Central commuter train sped through an open drawbridge and plunged 50 feet into Newark Bay between Elizabethport and Bayonne, N. J. Early estimates of deaths were put at 40.

Mr. Planitz is also a survivor of the Woodbridge disaster in February, 1951, in which 88 were killed when the Pennsylvania commuter special, The Broker, left a temporary trestle with 88 deaths. Mr. Planitz was severely injured in that wreck. Both the Jersey Central and the Pennsylvania line serve commuters between New York and the North Jersey shore where Mr. Planitz resides at Fair Haven.

—

Miss. Acts On Filings

The Mississippi department has approved a Citizens Casualty filing for a warehousemen's legal liability policy for refrigerated warehouses, with minimum limits of $100,000 and maximum of $1 million. The form carries a mandatory deductible of $1,000 and optional deductibles of $2,500, $5,000 and $10,000 with credits of 2½%, 5% and 10% respectively.

National Automobile Underwriters Assn. filing for an over-all automobile rate increase of 2.99%, based on the experience formula and reduction in the acquisition cost factor from 25% to 20%, was disapproved. NAUA's filing on fleet rating plans, limiting varying expenses for retrospective plan D, where PHD risks are written in combination, was approved. This permits reduction in commissions only where no combination exists.

An independent filing made under authority of the last legislature on rates and forms for industrial fire insurance by Interstate Fire was disapproved.

A request by London Lloyds for reconsideration of a proposed deductible fire program, previously rejected, was approved, as was a filing proposing credits for superior or improved risks.

The department turned down a filing by American Bankers for a $25 deductible comprehensive cover for private passenger cars with rates 150% of those for the $50 deductible comprehensive.

—

O'Mahoney Hearings Will Reconvene After Election

WASHINGTON—The Senate antitrust and monopoly subcommittee will resume hearings on insurance after the election, although no date is yet scheduled, according to Donald McHugh, committee counsel.

Following receipt of a statement filed by U. S. Aviation Underwriters, the committee staff expects there may be statements filed by some other who have appeared as witnesses before the committee.

A subcommittee spokesman stated definitely that hearings on aviation have been completed. The next subject to be tackled, he said, will be one of those mentioned heretofore by Sen. O'Mahoney. These have included marine and mail order. The former is believed by insurance observers to be more likely.

—

Caledonian-American Renamed

Caledonian-American of the Peerless group has been renamed American Star Ins. Co.

Universal Pictures Pioneered Mental Medical Coverage

Last June, Group Health Insurance, one of the oldest non-profit medical services, revealed that it was pioneering a study into the feasibility of extending its coverage to include diagnosis, treatment and rehabilitation in mental illness. Shortly afterward, E. S. Willis, consultant on employe benefits of General Electric Co., stated that the Group Health study was not the first effort in this field, and that GE has had a comprehensive major medical expense plan with coverage for psychiatric consultation and treatment for its 750,000 employes since 1955.

However, both the Group Health study and the GE plan were pre-dated by several years by Universal Pictures and its insurer, John Hancock Mutual Life. In a statement prepared for THE NATIONAL UNDERWRITERS, Benjamin Lorber, Universal's director of insurance, points out that his company's plan began in 1952 and includes not only psychiatric care but coverage for drug addiction and alcoholism as well.

Applied Basic Principles

More than 3,500 families in metropolitan areas in 30 states, with large concentrations in New York and Los Angeles, are covered under the Universal group program. When the major medical plan was set up in 1952, certain basic principles were used as a test to determine whether an item of medical expense would be covered. The item had to be a major expense and there had to be a good social or economic reason for insured to be reimbursed for the expenditure. With these criteria established, the company had to decide how the expenditure could be filed into an insured program.

After study of insureds' needs and available coverage, the company adopted its plan, which pays 75% of all medical bills in excess of $100 for all illnesses, without exclusion up to a maximum of $5,000. Mr. Lorber reports that after six years of operation, the company has found that unlimited inclusion of treatment of mental illnesses, both in and out of hospitals, has not in the slightest degree affected the stability and underwriting soundness of the plan. He is gratified that the experience of GE, as reported by Mr. Willis, bears out the favorable experience of Universal and is hopeful that other administrators of employe benefit programs and of health service organizations will approach the problem of care for mental illness with greater courage and foresight than in the past.

—

Guardian Underwriters of Detroit has moved from its downtown office to 13230 West McNichols road. T. F. Gaffney is president.

—

Florida Field Conference will inspect Naples Oct. 9. About 70 field men will participate.

Wash. Department Rules Out Barber Union Group Plan

The Washington department has notified the Journeymen Barbers, Hairdressers, Cosmetologists and Proprietors International Union of America that the malpractice insurance plan the union has been sponsoring "violates the statutes of the state of Washington and the rules of this office as they apply to fictitious groups. The company writing this coverage (Saskatchewan Guarantee & Fidelity) is barred by our statutes from doing business in this state as an admitted or surplus line insurer, by virtue of the fact that it is owned and controlled, in whole or in substantial part, by the Province of Saskatchewan."

The department also referred to the brochure soliciting the coverage, which states that premium payments are to be made to the local secretary who, in turn, will forward names and payments to the administrator of the plan (Guy Stollenwerck of Delray, Fla.). "By virtue of this procedure, the secretary of the local union is placed in the position of soliciting and engaging in the insurance business and, therefore, becomes subject to the jurisdiction of this office and the penalties provided under the insurance statutes. We therefore must insist that solicitation be discontinued in the state of Washington and that any policies currently covering Washington residents be discontinued," the deparment stated.

Copies of the department warning were sent to the Barbers Union locals at Seattle, Tacoma and Spokane.

Recently general liability coverage was added to the malpractice insurance. The solicitation states the cover is "much broader than the usual OL&T policy and costs much less than comparable coverage offered elsewhere."

In addition to OL&T exposures, the general liability cover includes contractual liability for lessees, products liability for products not manufactured by the shop owner and owners protective liability for owned or leased premises.

Electronic Study Panel On Controllers' Program

A panel discussion on development of electronic data processing at Royal-Globe will feature a fire and casualty round table at the annual national conference of Controllers Institute of America at Chalfonte-Haddon Hall hotel, Atlantic City, Oct. 19-22.

Royal-Globe representatives will be T. Corwin Steele, secretary and controller; E. T. Kylle, secretary, and Gordon Gilchrist, manager of electronic research. The panel chairman is John B. DeNault, controller of Farmers group of Los Angeles.

A life round table will cover budgetary control, company organization, internal auditing, long range forecasting and planning, and operations reports for management. Wesley S. Bagby, comptroller of Pacific Mutual Life, is chairman and Carl De Buck, vice-president and comptroller of Union Central Life, is vice-chairman.

Holden V. Arnaiz, controller of Hutchinson, Rivinus & Co., Philadelphia, is reception chairman of the convention.

Urges World Rules For Nuclear Ship Liability

Richard P. Godwin, chief of the maritime reactors branch of Atomic Energy Commission, told marine underwriters that international standards of liability insurance must be set up for nuclear powered vessels which may cause injury or damage to ship's cargo, passengers, crew and to other persons and property.

Mr. Godwin, who is also nuclear projects officer in charge of construction of the nuclear merchant ship Savannah, spoke at the International Union of Marine Underwriters meeting in Salzburg, Austria. He pointed out that present marine coverage only protects ship owners and cargo from physical loss or damage resulting from a nuclear incident.

Conflict In Indemnification

Until international agreement on liability protection is reached, operators of nuclear ships must depend on their governments for indemnification for incidents which involve sums in excess of the operators' financial abilities to assume risk.

He noted that legislation passed by Congress to provide government liability indemnification to operators of the Savannah was in conflict with certain American admiralty standards, which in turn conflict with British laws. Mr. Godwin said nuclear ships will be economically practical in the near future and will be built in large volume. Marine insurers then will vitally affect the future development of such vessels.

Owen E. Barker of Appleton & Cox, who is vice-chairman of International Union, recommended that it seek relations with the new Intergovernmental Maritime Consultative Organization, an agency of United Nations.

Harold Jackson of Wm. H. McGee & Co., who is chairman of the council's cargo loss prevention committee, reported that poor packing of cargo is a leading cause of commercial losses. He recommended greater care in packing and detailed inventories and urged port authorities to weigh merchandise before it leaves their premises to reduce pilferage.

—

General Re Pays Stock Dividend; Good First Half

General Re has declared a 10% stock dividend, payable Sept. 30 to holders of record Sept. 18, in addition to the quarterly cash dividend of 50 cents per share, payable on the same date to holders of record Sept. 24.

Edward G. Lowry Jr., chairman, indicated that underwriting and investment results continued to be satisfactory for the first six months of 1958. Policyholders surplus at June 30 reached a new high of $44,715,869, an increase of $3,940,268 since last year end.

—

Travelers Appoints Three

Travelers has appointed Clarence I. Frieze claim manager at Kansas City. He joined the company in 1926 and the following year went to St. Joseph as a resident adjuster. He was later appointed adjuster at Kansas City and then supervising adjuster there.

George R. Cretney has been appointed claims examiner at the home office and Robert J. Galinski resident adjuster at Hibbing, Minn. Mr. Cretney joined Travelers in 1950 and Mr. Galinski in 1956.

—

Wolverine Appoints Two

Wolverine has appointed John Okerman as loss supervisor of the fire and marine department, and Edward Malik as special agent of the surety department.

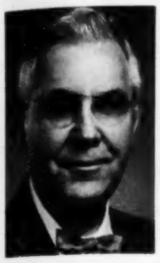
Mr. Okerman was previously with Western Adjustment at South Bend. Mr. Malik had been special agent for Western Surety.

—

National Mutual of D. C. has moved its offices to 1511 K Street, N. W., Washington, from 1832 M Street, N.W.

Rice Now In Agency Management Field

Floyd L. Rice of Warren, Pa., has disposed of his interest in the Craft agency there and has established an office as an agency management consultant. Mr. Rice, who has been in the agency field since 1920, has done management work for other agencies to some extent continuously since he entered the business. He will continue his interest in the Floyd L. Rice agency of Pittsburgh, but this does not occupy much of his time because it is operated by his son, Joseph A. Rice, a partner.


Floyd L. Rice

Mr. Rice in 1922 became involved in agency management when a friend, a local agent, became ill, and asked Mr. Rice to help. In three months another nearby agent was disabled in an accident, and here the company men asked him to manage that agency until the agent was back on his feet.

Previous Experience

Realizing that he needed more education in his own field, Mr. Rice went to Wharton school. During his stay there, he worked for two insurers to pay his way. This was a time when companies were having financial difficulties with agencies, and Mr. Rice was called on to audit a good many of them to find out what the trouble was and to proceed to rehabilitate, prepare for sale, or get them back in the hands of the agent-owners.

He has done some of this work ever since over the years, largely at the instigation of companies involved in agencies that were in difficulties of one kind or another. Consequently, his role as consultant has been as agency manager, supervisor, conservator (representing creditors) or liquidator. His work consisted of audits, or making collections, or systematizing the agent's office, placing a value on the agency in case it has to be sold, forming or dissolving a partnership, etc.

Mr. Rice is chairman of the NAIA agency management committee, which is currently conducting two studies, one on flat cancellations and the other on the costs of operating an agency. He has been chairman of the speakers' bureau of the Pennsylvania association, and organized it. He has also been a director of that association for 10 years.

Lonergan Is President Of Vermont Agents

Vermont Assn. of Insurance Agents elected John F. Lonergan of Bennington president at the annual meeting at the Lodge, Smugglers' Notch, Stowe. He succeeds Earl F. Liddell of Newport. Willard D. Cobb of Brattleboro was elected vice-president. Harold E. Montgomery of St. Albans, former vice-president and normally successor to the presidency, and Ernest B. Smith of Burlington, a senior member of the executive committee, who was next in line, withdrew because of business demands.

The agents voted to incorporate the association and employed Theodore F. Kane of Montpelier as executive secretary. He is a public relations man who has represented the group in legislative matters. Mrs. Marian D. Purchase of Montpelier, who has supervised association headquarters, is retiring.

John E. Abbott of White River Junction, I. Munn Boardman Jr. of Burlington, and Robert E. Bliss of St. Albans were named to the executive committee.

Campbell Is President Of Philadelphia Loss Men

Philadelphia Loss Conference at its September meeting elected Christopher J. Campbell, Pacific National, president; Paul Williams, Reliance, vice-president; Andrew Galbraith Jr., Mutual Assurance, treasurer, and Stanley Bailey, U.S.F.&G., secretary.

Elected to the executive committee were Theodore S. Roberts, National Union; William P. Webb, Philadelphia Contributionship, and John E. Graham, Camden.

Portland Agents Elect

Jack L. Arnold of Gerlinger, Richards & Arnold, has been elected president of Portland, Ore., Assn. of Insurance Agents, succeeding Lewis M. Fox. Other new officers are Robert A. Wagner, vice-president; Sam D. Gillette, secretary, and Donald E. Reger, treasurer.

Port Huron (Mich.) Agents Elect

Robert C. Odle has been elected president of the Port Huron (Mich.) Assn. of Insurance Agents, succeeding Harold A. McMartin of the McMartin-Morgan agency. Other new officers are: Edward W. Kerns, Kerns agency, vice-president; George W. Hathaway, Hathaway agency, secretary-treasurer; and Jack S. Wittliff, Witliff agency, executive committee member.

Editorial Comment

The Business Needs A Sweetheart

Miss America has again been selected, the 1958 winner being a young lady from Mississippi with the desired measurements, personality and some vocal talents. The insurance business need not select a Miss America every year. It has a Mrs. America with less alluring but more important measurements—since they are economic barometers—and it might do well to adopt her as a permanent commercial sweetheart.

This lady is the housewife in the group which comprises 65% of the population. She controls 80% of these families' spending. Her family belongs to the lower middle class of white collar workers, tradesmen and skilled workers, or to the upper-lower class, comprising mostly skilled and semi-skilled persons. These categories are two of five originally identified by Lloyd Warner of University of Chicago in his book, Social Class in America.

This Mrs. America is the target for most merchandisers who take dead aim and propel their products directly at her. Her home is her haven, and the most important consideration in her life is protecting her household and its possessions. In short, she is made to order for insurance merchandisers. She is the symbol of the mass market which is often glibly spoken of but not always pinpointed.

What is the business doing to appeal to her? Just recently National Assn. of Insurance Agents indicated that in the 1959 Big I campaign, evening TV newscasts would be featured because these programs would catch a heavy male audience. There's nothing wrong with that objective—unless the thinking behind it is based on the error that the tired businessman is the one making the spending decisions. It will be helpful if father sees the news on TV and is prompted to contact his insurance agent for coverage, but mother is going to get into the act before any money changes hands. All other merchandisers know that and act accordingly.

Perfume, soap powder, cereals and other tangible products can be packaged to appeal to Mrs. America. Merchandisers know the colors she prefers, have investigated the shape of packages that appeal to her and even know exactly where to place products in the supermarket where she is most likely to be attracted and pick them up. Their strategy is so complete that candy and cookies are placed on shelves which are at the eye level of the children on shopping expeditions. They snatch these goodies during the supermarket tour, and when mother unloads her wire basket at the check-out counter, the kids turn up with five or six items to add to the pile. Merchandisers know that mother will not make them return these articles very often.

The insurance business should get to know this Mrs. America better. It should court her as other merchandisers do. Of all her suitors, insurance would have the most to offer, because it is the only one that can promise to maintain her home and possessions—the chief objective in her busy life. —J.N.C.

Personals

Charles B. Tachau Jr., son of the former head of Louisville F.&M. and of E. S. Tachau & Sons agency in Louisville, has been named judge of the juvenile court of Louisville. A brother, **Eric Tachau**, operates a local agency in Louisville.

E. S. Tachau, who founded the Tachau insurance interests and is now retired, will shortly be 92 years old.

James J. Mitchell, vice-president of Stewart, Smith (Ill.) Inc. in charge of the aviation department, has been promoted to colonel in the Civil Air Patrol and appointed Illinois wing commander. Mr. Mitchell has been in the CAP, an auxiliary of the U. S. Air Force, since it was organized in 1941.

John H. Nangle, president of Utilities of St. Louis, was reelected treasurer of the 13-state Midwest Democratic Conference at the annual meeting Sept. 12 in Omaha.

John H. Carton, president of Wolverine and of Federal Life & Casualty of Battle Creek, has been elected a director of Michigan National Bank of Lansing.

Harold Legel and **Arthur Peterson**, managers of the general liability and crime departments, respectively, of Geo. F. Brown & Sons, Chicago managing general agency, are in London visiting the agency's Lloyds broker, Joseph Hadley & Sons, Ltd. They plan to visit the Continent before returning.

Deaths

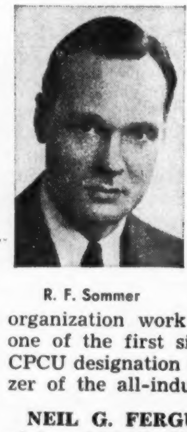
FIELDING E. BALLARD SR., 76, who founded the Fielding & Sons agency of Shelbyville, Ky., in 1909, died of a heart attack.

JACQUES ABELOW, 48, New York broker, died at Mount Sinai Hospital.

DONALD E. MacLENNAN, 84, who was until his retirement 13 years ago for many years a partner in Conroy & MacLennan agency in Minneapolis, died at Winnipeg. Mr. MacLennan was born in Scotland, and moved to the United States when he was 21. He lived in Minneapolis for 50 years. For the last 13 years he lived in Lake Wales, Fla. He was a past president of Minneapolis Underwriters Assn. One of his sons, Donald K. MacLennan, is with Fire Underwriters Inspection Bureau of Minneapolis.

ALPHONSO RAGLAND JR., 54, Dallas agent, was killed in an automobile accident while returning home with his wife from a hunting expedition. Mrs. Ragland sustained head injuries. Both were noted trap shooters, Mrs. Ragland having won several championships in national competition. Mr. Ragland was secretary of Society of CPCU and was slated to become vice-president at the forthcoming national meeting at New Orleans Oct. 1-3. His son, Cruger Ragland, is scheduled to receive the designation at that time. Mr. Ragland was past president of southwest chapter and a director of the western district of CPCU from 1955 to 1957. He was a past president of Dallas Assn. of Insurance Agents and was chairman of the NAIA aviation committee from 1947 to 1949.

ROBERT F. SOMMER, 50, assistant vice-president of Standard Accident, died in St. Joseph's Hospital, Pontiac, after an extended illness. Mr. Sommer joined Standard Accident and Planet in 1945 at the time of Planet's organization and was in charge of the fire and marine underwriting for both companies. He was also known for his organization work in CPCU. He was one of the first six men granted the CPCU designation and was the organizer of the all-industry luncheons.



R. F. Sommer

NEIL G. FERGUSON, 50, manager of American Credit Indemnity at New York City, died of a heart attack on the liner Empress of Britain while returning from a vacation in Switzerland.

GEORGE W. DAY, 69, agent at Middlesboro, Ky., died.

EDWARD W. BAIR, 87, manager of Louis C. Madeira & Sons, Philadelphia agency, died there. He was considered to be the oldest active insurance agent in the city.

JOHN R. Y. CRAIG, 64, of Stokes, Packard and Smith agency of Philadelphia, died there. He had been with the firm for 48 years.

C. J. McCANN, actuary and chief examiner of the Florida insurance department, died.

Stocks

By H. W. Cornelius, Bacon, Whipple & Co. 135 S. LaSalle St., Chicago, September 16, 1958

	Bid	Asked
Aetna Casualty	141	145
Aetna Fire	65	67
Aetna Life	201	205
Agricultural	27¾	28¾
American Equitable	32	33½
American (N. J.)	26	27
American Motorists	13	14½
American Surety	16	17
Boston	31	32
Camden Fire	30½	32
Continental Casualty	100	102
Crum & Forster com.	62	64
Federal	49½	51
Fireman's Fund	49¾	50¾
General Reinsurance	63	68
Glens Falls	32	33
Globe & Republic	18	20
Great American Fire	37	38½
Hartford Fire	159	162
Hanover Fire	36½	38
Home (N. Y.)	41	42
Ins. Co. of No. America	106	108
Maryland Casualty	37½	39
Mass. Bonding	39	40½
National Fire	93	Bid
National Union	35½	36½
New Amsterdam Cas.	44	45½
New Hampshire	39½	41
North River	35	37
Ohio Casualty	22½	24½
Phoenix Conn.	65	67
Prov. Wash.	15	16
Reinsurance Corp. of N. Y.	14	15
Reliance	43	45
St. Paul F. & M.	51	53
Springfield F. & M.	106	108
Standard Accident	51	53
Travelers	82½	83½
U.S.F. & G.	64	66
U. S. Fire	26½	27½

The NATIONAL UNDERWRITER

The National Weekly Newspaper of Fire and Casualty Insurance

EDITORIAL OFFICE

17 John St., New York 38, N. Y.
Tel. BEekman 3-3958 TWX NY 1-3080

Executive Editor: Kenneth O. Force.
Associate Editor: John N. Cosgrove.

CHICAGO EDITORIAL OFFICE

175 W. Jackson Blvd., Chicago 4, Ill.
Tel. WAbash 2-2704 TWX CG 654
Managing Editor: John C. Burridge.
Assistant Editors: Richard G. Ebel, William H. Faltysek, William H. Faricy and R. R. Cuscaden

ADVERTISING OFFICE

175 W. Jackson Blvd., Chicago 4, Ill.
Tel. WAbash 2-2704 TWX CG 654
Advertising Manager: Raymond J. O'Brien

SUBSCRIPTION OFFICE

420 E. Fourth St., Cincinnati 2, Ohio.
Telephone PArkway 1-2140.

OFFICERS

Howard J. Burridge, President.
Louis H. Martin, Vice-President.
John Z. Herschede, Secretary-Treasurer.
420 E. Fourth St., Cincinnati 2, Ohio.
Telephone PArkway 1-2140.

SALES OFFICES

ATLANTA 3, GA—432 Hurt Bldg., Tel. Murray 8-1634. Fred Baker, Southeastern Manager.

BOSTON 10, MASS.—80 Federal St., Rm. 342, Tel. Liberty 2-9229. Roy H. Lang, Southern New England Manager and Dana L. Davis, Northern New England Manager.

CHICAGO 4, ILL.—175 W. Jackson Blvd., Tel. Wabash 2-2704. A. J. Wheeler, Chicago Manager. R. J. Wieghaus and William D. O'Connell, Resident Managers.

CINCINNATI 2, OHIO—420 E. Fourth St., Tel. Parkway 1-2140. Chas. P. Woods, Sales Director; George C. Roeding, Associate Manager; Arthur W. Riggs, Statistician.

CLEVELAND 14, OHIO—1367 E. 6th St., Lincoln Bldg., Rm. 208, CH 1-3396. Paul Blesi, Resident Manager.

DALLAS 1, TEXAS—309 Employers Insurance Bldg., Tel. Riverside 7-1127. Alfred E. Cadis, Southwestern Manager.

DENVER 2, COLO.—234 Commonwealth Bldg., Tel. Amherst 6-2725. J. Robert Ebelhardt, Rocky Mountain Manager.

DES MOINES 9, IOWA—327 Insurance Exchange Bldg., Tel. Atlantic 2-5066. D. J. Stevenson, Resident Manager.

DETROIT 26, MICH.—613 Lafayette Bldg., Tel. Woodward 5-2305. William J. Gessing, Manager for Indiana and Michigan.

INDIANAPOLIS 20, IND.—5634 N. Rural St., Tel. Clifford 3-2276. William J. Gessing, Manager for Indiana and Michigan.

MINNEAPOLIS 2, MINN.—1038 Northwestern Bank Bldg., Tel. Federal 2-5417. Howard J. Meyer, Northwestern Manager.

NEW YORK 38, N. Y.—17 John St., Room 1401, Tel. Beekman 3-3958. J. T. Curtin and Clarence W. Hammel, New York Managers.

NEWARK 2, N. J.—10 Commerce Ct., Tel. Market 3-7019. John F. McCormick, Resident Manager.

PHILADELPHIA 9, PA.—123 S. Broad St., Room 1027, Tel. Pennypacker 5-3706. Robert I. Zoll, Middle Atlantic Manager.

ST. LOUIS 2, MO.—221 Pierce Bldg., Tel. Chestnut 1-1634. Geo E. Wohlgemuth, Resident Manager.

SAN FRANCISCO 4, CAL.—582 Market St., Tel. Exbrook 2-3054. Robert L. McMullen, Pacific Coast Manager.

CHANGE OF ADDRESS

Be sure to enclose mailing wrapper with new address. Allow three weeks for completion of the change. Send to subscription office, 420 E. Fourth St., Cincinnati 2, Ohio.

Hartford Fire Buys Chicago Office Site

(United of Chicago also to build HO near Chicago river. Story on page 8)

Hartford Fire has purchased an entire city block in downtown Chicago as the site of a new building to house its western department. Located on the east bank of the Chicago river and facing the new two-level super highway, Wacker drive, the site, bounded by Adams and Monroe streets, is now used as a parking lot.

The western staff of 1,600 is presently split between two locations, Hartford Fire in the Wrigley building and Hartford Accident in the Insurance Exchange building. In purchasing the 82,000 square foot site from the University of Chicago, Hartford Fire became one of the first major firms to reveal its plans in conjunction with Chicago's $1 billion redevelopment program.

The move of Hartford to this new location will make the two largest western departments—Hartford Fire group and America Fore Loyalty group—leaders in redeveloping the Chicago river front along Wacker drive. The two western departments will be only a block apart and not far south of the new Morton Salt building.

International Federation Elects Clements Of Minn. Commercial Men's

International Federation of Commercial Travelers Insurance Organizations at its annual meeting at Swampscott, Mass., elected as president Paul Clement, president Minnesota Commercial Men's Association. Other officers elected are Robert A. Cavenaugh, Illinois Commercial Men's Association, vice-president; John W. Whittemore, Eastern Commercial Travelers Accident Association, secretary-treasurer; and Loring Elliott, Physicians Casualty Association, chairman executive committee.

New Alabama Code Would Make Commissioner Czar

The Alabma joint legislative interim committee hearing on a proposed new insurance code has revealed that the projected office of commissioner under the new setup would have far more power than the present superintendent. The commissioner would be a virtual czar, according to observers.

Brooks Glass of Birmingham, a former superintendent, urged elimination of provisions, broadening discretionary powers of the office.

Take Further Action On Great American Merger

Action leading to approval of the proposed merger of Great American Indemnity, Rochester American, Massachusetts F.&M. and Detroit F.&M. into Great American has been completed by directors of the companies.

Proxy material describing the exchange ratios and other terms of the merger has been mailed to stockholders of Great American, Great American Indemnity and Rochester American in connection with special meetings of those stockholders on Oct. 22. Similar material will be sent later to stockholders of Massachusetts F.&M. and Detroit F.&M. If the merger is approved by stockholders of all five companies and by insurance regulatory authorities of New York, Michigan and Massachusetts, it will be effective at the year end.

Sheehan Holds Club Dues Necessary Business Expense

ST. PAUL—Club expenses are legitimate deduction from federal income taxes, Commissioner Cyril Sheehan of Minnesota contends in a petition filed with the U.S. tax court in Washington. He is disputing the government's claim that he owes nearly $1,500 in additional federal income taxes for 1955 and 1956.

In his petition Commissioner Sheehan said he should be allowed to deduct 75% of his bills at the St. Paul Athletic Club and the Town & Country Club as business expenses. He contends he maintains memberships in the two clubs because he often has to entertain insurance officials from other states.

The government contends that the club costs do not constitute "necessary and proper" business expenses.

New Montana Insurer

Treasure State Fire & Casualty, a wholly owned subsidiary of Treasure State Industries, is being incorporated in Montana with capital listed at $500,000.

Treasure State Industries was formed last February at Butte to develop new industries. So far it has acquired a wholly owned subsidiary, Montana Packing Co., at Great Falls and is operating it. Treasure State Industries is incorporated at $15 million.

Milwaukee Agents Meet, Set Plans

Milwaukee Assn. of Insurance Agents held its monthly breakfast meeting Sept. 16 at Central YMCA. Robert Chamberlain, a former member and now a sales representative for International Business Machine Corp., was the speaker. The association will conduct an agents' casualty course session at the YMCA Sept. 27 to assist agent candidates and holders of temporary licenses to qualify in the state examination for licenses. The next session of the fire qualification course will be held Oct. 25.

The annual meeting and election will be meld the evening of Oct. 15, at the Astor Hotel. Speaker will be Robert E. Dineen, vice-president of Northwestern Mutual Life and a former New York commissioner. Paul Rogen, Wisconsin commissioner, has also been invited to attend.

The southwestern department office of **Pacific Indemnity** has moved to new quarters at 211 North Ervay, Dallas.

Convention Dates

Sept. 16-19, Mutual Loss Managers' Conference, annual, Statler hotel, New York City.

Sept. 17-19, Michigan Assn. of Insurance Agents, annual, Pantlind hotel, Grand Rapids.

Sept. 17-19, Oregon Assn. of Insurance Agents, annual, Multnomah hotel, Portland.

Sept. 19-20, Utah Assn. of Insurance Agents, annual, Utah hotel, Salt Lake City.

Sept. 22-24, International Claim Assn., annual, French Lick Springs hotel, French Lick, Ind.

Sept. 22-25, Assn. of Superintendents of Insurance of the Provinces of Canada, annual, Empress hotel, Victoria, B. C.

Sept. 30, National Assn. of Insurance Commissioners, Zone IV, Leamington Hotel, Minneapolis.

Oct. 1-3, Society of CPCU annual, Roosevelt hotel, New Orleans.

Oct. 2-3, National Assn. of Insurance Commissioners, employe health and welfare programs subcommittee, Illinois insurance department, Chicago.

Oct. 4, National Assn. of Insurance Commissioners, fictitious groups, fire, casualty and surety subcommittee, Roosevelt Hotel, New Orleans.

Oct. 5-8, Conference of Mutual Casualty Companies, annual, Chalfonte-Haddon Hall, Atlantic City

Oct. 5-8, National Assn. of Mutual Insurance Companies, annual, Chalfonte-Haddon Hall, Atlantic City, N. J.

Oct. 6, National Assn. of Insurance Commissioners, regulation of advertising subcommittee, Edgewater Beach Hotel, Chicago.

Oct. 6-7, Conference of Actuaries in Public Practice, Morrison hotel, Chicago.

Oct. 6-8, National Assn. of Insurance Agents, annual, New Orleans

Oct. 12-15, National Assn. of Casualty & Surety Agents and National Assn. of Casualty & Surety Executives, Greenbrier hotel, White Sulphur Springs, W. Va.

Oct. 17-18, New Mexico, Insurors, annual, LaFonda hotel, Santa Fe.

Oct. 19-21, Illinois Assn. of Insurance Agents, annual, Morrison hotel, Chicago.

Oct. 19-21, North Dakota Assn. of Insurance Agents and Insurance Federation of North Dakota, annual, Clarence Parker Hotel, Minot.

Oct. 19-21, Maryland Assn. of Insurance Agents, annual, Emerson hotel, Baltimore.

Oct. 19-21, Missouri Assn. of Insurance Agents, annual, Coronado hotel, St. Louis.

Oct. 20-21, Arizona Assn. of Insurance Agents, annual, Pioneer hotel, Tucson.

Oct. 20-21, Insurors of Tennessee, annual, Claridge hotel, Memphis.

Oct. 20-22, Western Underwriters Assn., annual, Greenbrier hotel, White Sulphur Springs, W. Va.

Oct. 20-22, National Assn. of Mutual Insurance Agents, annual, Commodore hotel, New York City.

Oct. 22-24, Kansas Assn. of Independent Insurance Agents, annual, Broadview hotel, Whichita.

Oct. 23-25, Colorado Insurors, annual, Broadmoor hotel, Colorado Springs.

Oct. 26-28, Missouri Assn. of Farm Mutual Insurance companies, annual, Governor hotel, Jefferson City.

Oct. 26-28, Ohio Assn. of Insurance Agents, annual, Columbus.

Oct. 27-29, California Assn. of Insurance Agents, annual, Sheraton-Palace hotel, San Francisco.

Oct. 27-29, Health Insurance Assn., individual insurance forum, Drake hotel, Chicago.

Oct. 28-29, Massachusetts Assn. of Insurance Agents, annual, Sheraton Plaza hotel, Boston.

Oct. 28-29, South Carolina Assn. of Insurance Agents, annual, Francis Marion hotel, Charleston.

Oct. 30, Connecticut Assn. of Insurance Agents, annual, Statler-Hilton hotel, Hartford.

Nov. 6-7. Kansas Assn. of Mutual Insurance Companies, Newton.

Nov. 16-18, Kentucky Assn. of Insurance Agents, annual, Kentucky Hotel, Louisville.

Nov. 17-19, Indiana Assn. of Insurance Agents, annual, Claypool Hotel, Indianapolis.

Nov. 20, Insurance Federation of New York, annual, Waldorf-Astoria, New York City.

Nov. 20-21, Conference of Mutual Casualty Companies, accounting and statistical, office methods, and personnel conferences, Conrad Hilton hotel, Chicago.

Nov. 24-26, National Assn. of Independent Insurers, annual, Hotel Fontainebleau, Miami Beach.

Dec. 10, Eastern Underwriters Assn., annual, Biltmore hotel, New York City.

Dec. 15-19, National Assn. of Insurance Commissioners, midwinter, Roosevelt hotel, New Orleans.

Dec. 28-29, American Assn. of University Teachers of Insurance, annual, LaSalle hotel, Chicago.

—

Frank Maliska has joined Chicago Suburban Claims Service, which has offices at 100 North LaSalle street. He has been with State Farm Mutual and Chicago Motor Club.

Marine Men Study Reduced Hull Values

(CONTINUED FROM PAGE 2)

and nuclear power which was delivered by Emil A. Kratovil of Carpinter & Baker. This paper pointed out that the keel of the nuclear ship Savannah was laid at Camden, N. J., last May and the ship will be launched in mid-1959. Soon afterward the vessel will be fueled and become "critical." In 1960 this first atomic powered vessel will be sailing the seas.

Reviews Price-Anderson Act

This will point up problems for marine underwriters, in Mr. York's view, and he discussed them from the standpoint of American interests. He reviewed provisions of the Price-Anderson act which amends the atomic energy act and provides that nuclear licensees must have financial protection in the amount of liability insurance available from private sources, although in smaller operations, lesser amounts may be permitted. Beyond the underlying layer of protection AEC will furnish government indemnity up to $500 million.

Mr. York's paper explained that the American nuclear pools provide a combined total limit of $60 million which AEC accepts as the amount of liability insurance available from private sources. The coverage provided by the pools is unprecedented. In effect, the assumption is that if an atomic incident occurs, someone will be liable for the ensuing damage and compensation for that damage will be substantially automatic even though the policy is a liability coverage.

Double Exposure Possible

One problem of American insurers writing atomic risks is the extent of their prior commitments to the pools, in Mr. York's view. Most companies writing marine risks are participants in the pools and many of them consider that their maximum permissible exposure in any single incident is thereby committed. Consequently, some companies do not think they can commit themselves to additional exposure to the risks of any single incident by writing marine coverage. It is probable that in many cases, rights of subrogation against pool insured would reduce such double exposure, but they hesitate to assume the burdens, risk and expense of enforcement of such subrogated rights. In some cases subrogation might not be possible. On the other hand, Mr. York believes, since the government indemnity plan is so comprehensive and practically automatic, there is a question of the need of insured for additional protection against atomic risks.

Mr. York believes that coverage on the hull of a conventional vessel which may collide with a nuclear ship with resulting contamination or other damage to the vessel insured would be recoverable under the standard hull policy and that marine underwriters will be able to handle the usual hull risks on non-nuclear vessels without difficulty. He pointed out that reactors on ships present a formidable hazard but believes that traditional marine markets can and will cover physical damage to vessels.

Collision Presents Difficulties

The first real problem arises in the area of collision liabilities insured under the hull policy, Mr. York believes. This occurs because of possible pyramiding of liabilities under the products liability cover on the reactor. This will probably be given by the nuclear pools and it is not inconceivable that there could be a total loss under the collision clause and a considerable additional claim under products liability. It is questionable whether the limitations of liability statutes would apply to the products section, and underwriters who have exposed their full capacity in the pools will probably want assurance that they will not have additional liability under the hull policy. Further problems will be encountered in builders risk policies which usually name the builders as an insured. Unless these policies exclude nuclear risk, even on conventionally powered ships, the difficulty of preserving subrogation rights against the shipyards, and through them against the pools, will be apparent.

Cannot Assume Liabilities

Another problem is protection and indemnity cover on the hull which is written in significant amounts by a limited number of U.S. companies. They have taken the position that they cannot assume any liabilities in connection with nuclear hazards, and if this is maintained, the pools might possibly be prepared to extend their cover beyond the limits of the U.S., Mr. York stated. In that event the Price-Anderson act would also have to be extended since at present this does not apply to any ships except the Savannah.

Mr. York reviewed the additional

exposure to cargo in the nuclear age, whether it is carried on conventional or atomic powered ships. Despite these additional hazards, he expects that cargo will continue to be insured at least during the period in which it is in transit under the warehouse to warehouse clause, and he anticipates no real problems in this regard. Mr. York emphasized that none of his views contemplated nuclear incidents within the scope of the war risk clauses, which present an entirely different problem.

J. Quirino da Fonseca of Portugal was reelected president of the international organization. Gordon Hogsflesh of London was elected a vice-chairman. Marine underwriters from 28 countries attended the conference.

Eugene-Lane, Ore., Agents Elect

William F. Rau of Smith & Crakes, Eugene, Ore., was elected president of Eugene-Lane County Assn. of Insurance Agents, succeeding Blaise I. Claska. Also elected were Robert M. Hodgins, vice-president; Howard W. Berge, Tromp and McKinley, secretary, and Ray D. Pollard, treasurer.

Risher Advanced By Hawkeye-Security

Paul Risher, vice-president and claims manager of Hawkeye-Security for the past 20 years, has been promoted to vice-president and claims counsel of Hawkeye-Security and United Security. He has been in insurance claim work since 1920.

Walter Hughes, former deputy claims manager, succeeds Mr. Risher as claims manager for the companies. He has been with Hawkeye-Security for 24 years.

Wis. A&H Men Name Fair President At Milwaukee

MILWAUKEE—Harold Fair, Inter-State Assurance, Madison, was elected president of Wisconsin State Assn. of A&H Underwriters at the annual meeting here. He succeeds Hugh G. Raymond, Massachusetts Protective, Madison. Others elected were: Alfred K. Perego, Perego agency, Milwaukee; Richard E. Mueller, Provident L.& A., Milwaukee, and T. J. Litscheim, North American L. & C., Eau Claire, vice-presidents; Charles B. Stumpf, Stumpf & Associates, Madison, treasurer, and Leo E. Packard, Packard-Carson agency, Milwaukee, reelected secretary for a 22nd term. Mr. Packard was selected from four nominees as "The A&S Underwriter of the Year." The convention and sales congress were held during "Disability Insurance Week" proclaimed by Gov. Vernon Thomson.

State regulation of A&H insurance rather than federal regulation, is in the best interests of the general public, Gov. Thomson told the sales congress. "If regulation of A&H insurance is made the responsibility of some federal agency in Washington, Wisconsin residents would not get the consideration they get from our own state commission," Gov. Thomson declared.

Stresses Service Aspect

"Accident and health agents should put the service element of their function to the forefront," and should make themselves available for consultation after the policy has been sold, Commissioner Rogan told the members. He said agents should always be willing to answer questions and help the policyholder understand his insurance.

In some cases, Mr. Rogan continued, complaints indicate that agents don't fully understand the benefit of the policies they are selling. "This is inexcusable," he said. Regarding complaints, Mr. Rogan said his department recently completed processing 620, but that most of them arose because the insured didn't fully understand their policies.

Reinsurance Corp. Of N. Y. Raises Collier

Reinsurance Corp. of New York has promoted Gerrit S. Collier from secretary to vice-president. Mr. Collier, a CPCU, entered the business in 1945 with Hartford Fire and subsequently acted as a special agent of Automobile and American before joining Reinsurance Corp. in 1951.

Wash., Ore., A&H Men Set Annual Sales Rally

Five major speakers have been booked for the annual Northwest A&H Insurance Sales Congress to be held in Portland, Ore., Oct. 24.

Included are S. L. Horman, vice-president, board member and agency director Time of Milwaukee; Reginald Snyder, vice-president and director of agencies, Old National of Houston; Henry G. Sheehy, San Francisco, vice-president Pacific coast department Massachusetts Bonding; Carl A. Ernst, director A&S department North American L.&C., and John Gaule, assistant vice-president, Mutual Benefit H.&A.

The sales congress is sponsored by A&H agents, in Oregon and Washington.

ISA Annual Oc. 23-24

Insurance Service Assn. of America has scheduled its annual meeting for Oct. 23-24 at Rancho Sante Fe, Cal. This will be the fourth meeting of ISA, which started in 1954 when 12 local insurance brokerage organizations grouped together to service national accounts. There are now 45 members.

The current officers are: President, Patrick Fitzpatrick of Boit, Dalton & Church, Boston; vice-president, Charles W. Schoelzel Jr., Van Schaack & Co., Denver; secretary, H. W. Reisner, Ostheimer-Walsh, Philadelphia, and treasurer, D. B. Davidson, R. N. Bowen & Associates, Indianapolis.

N. Y. Buyers To Hear Cox

Raymond Cos, insurance manager of City Stores Mercantile Co., New York, will address the New York chapter of American Society of Insurance Management at the luncheon meeting Sept. 25 at the Sheraton-McAlpin hotel. He will present a case history in connection with insurance aspects of changes in corporate organization.

St. Johns (Mich.) Agents Elect

St. Johns (Mich.) Assn. of Insurance Agents has elected A. T. Allaby president. Other officers elected are E. C. Ryon, vice-president; and L. A. Brewbaker, secretary-treasurer.

Allstate Deviation Opposed By NYFIRO

(CONTINUED FROM PAGE 1)

said that any prophecies could be made to come true in an operation of the magnitude of Allstate. Mr. Kline bridled at this statement and wondered whether Mr. Kaplan was impugning sworn witnesses who testified with regard to the predictions. Mr. Kaplan said that expense allocations could be made on the judgment of the company as between its fire and automobile operations and that charges assigned had no meaning unless weighted by a scientific method. He also introduced the question of subsidization and assumption of part of normal expenses by Sears, Roebuck & Co. which wholly owns the insurer.

Other Companies Handicapped

Mr. Kaplan said that Allstate had no experience in the commercial field and that it was absolutely essential to have some experience at a reasonable rate before a deviation could be considered. The company has no right to apply for the lower rate on the basis of its predictions and the hope that they will come true. If granted a deviation on this hypothesis, it can take business away from members and subscribers of NYFIRO, who cannot deviate, he asserted. Mr. Kline later displayed a bulletin from NYFIRO listing present deviations of members and subscribers.

Mr. Lamanda interjected that Allstate's predictions in connection with expense savings on dwellings had worked out accurately. Mr. Kaplan retorted that even if they had not, the company would have enjoyed the advantage of capturing business at a lower rate. He termed this an unfair advantage. He said that the company's action in taking the bureau's loss experience plus its own predictions was not a proper basis for a rate application.

Another Case Recalled

Mr. Kline pointed out that when Government Employees was granted a 20% deviation in fire rates in 1957 it supported its filing by prospective expense savings. Mr. Lamanda wrote the opinion in that case and noted that since 1957 was the first year of fire operations for Government Employees in New York, he had reduced a requested deviation of 25%, which the figures seemed to support, to 20%. The deviation was raised to 25% in 1958. Government Employees related expenses to premiums written in its filing, a method which Allstate advocates as sound in a period of rapidly increasing premium volume.

Mr. Kaplan recalled that when Allstate began writing automobile in New York in 1931, it did not do so on the basis of a deviation, but at the suggestion of the department returned savings to policyholders through participating policies. This continued for years, he asserted, before the company enjoyed the advantage of a lower rate. He said this same procedure should apply in the current case of commercial risks—a field new to the company—and that Allstate should seek a deviation after reasonable experience.

Mr. Lamanda asked him if by reasonable experience he meant five years. Mr. Kaplan assented.

Mr. McKnight testified that Allstate has received approval of 15% fire and EC deviations on commercial risks in Michigan, Ohio, Tennessee, Connecticut, Utah, Rhode Island and Maine. The company is not writing this business in these states but is free to do so at any time.

At one stage of the hearing, Mr. Kline courteously inquired if a certain point of procedure was satisfactory to Mr. Kaplan. Joseph E. Collins of the department plaintively spoke up and said it had to be satisfactory to the presiding officer and his colleagues as well.

Comparative Expense Summary

Allstate submitted a summary of estimated costs on commercial fire policies with fire and EC combined. This summary compared costs on the deviation basis with costs the company would incur on a bureau basis without deviation. With the 15% deviation the figures would be as follows: Commissions (including agents' compensation), 9.5%; total of other acquisition and general expenses, 9.4%; taxes, licenses and fees, 3.3%; loss adjustment expenses, 3.5%; total expense, 25.7%. If this were added to the loss ratio of 52.4%, permissible in New York, the total would be 78.1% and the net gain would be 21.9%. On the basis of NYFIRO rates without the deviation, Allstate's estimated costs on the identical factors would be 9.5%, 8%, 3.3%, and 3% for total expenses of 23.8%. This added to a permissible loss ratio of 44.5% would total 68.3% and the net gain would be 31.7%.

Following Mr. McKnight's testimony, the hearing recessed without indication of a date for resumption. Other Allstate representatives at the hearing were Donald Schaffer, assistant counsel, and A. J. Regenburg, accounting director. George I. Gross of Powers, Kaplan & Berger appeared with Mr. Kaplan. Assisting Mr. Lamanda were Mr. Collins, George J. Gross, deputy superintendent and counsel, and Harold Sohmer of the department. Superintendent Wikler sat in on part of the hearing.

—

Dayton CPCUs Elect

Dayton-Miami Valley CPCU has elected the following officers: Edwin J. Zwiesler, president; Edward H. Graul Jr., vice-president; Edwin J. Goss, American States, secretary; and Charles D. Lamb, treasurer.

—

Virginia Assn. of Insurance Agents completed its annual three day stock insurance institute for 136 students at University of Virginia.

Aetna Casualty Moves LeGette To New Post

Aetna Casualty has appointed V. Dudley LeGette assistant secretary of the casualty division. He will head the miscellaneous division of the casualty underwriting department.

Mr. LeGette joined Aetna Casualty 20 years ago and since 1952 has served as superintendent of the underwriting department at Atlanta.

—

Reduces Hull Rates On Farmer Owned Aircraft

Airway Underwriters of Ann Arbor, Mich., underwriting managers for the National Aero Club insurance plan, have reduced hull rates for planes owned by farmers and based on farm property. The new rates represent a saving of from 10% to 20% as compared with ordinary private business and pleasure rates.

Northwestern Mutual Makes Field Promotion

Northwestern Mutual has made several promotions in the field departments.

Jesse C. Barber, special agent at Columbus, O., has been named assistant manager of the southeastern department at Raleigh; Harold G. Holmes, chief fire underwriter in the midwestern department, has been made assistant manager at Chicago, and Kermit Farwell, former assistant manager at Chicago, goes to Columbus as supervisor.

—

Alaska Agents Schedule Annual

The sixth annual convention of Alaska Insurance Agents' Assn. will be held at Anchorage, Oct. 2-4. Registration will be in the Westward Hotel from 1 to 6 p.m., Oct. 1. Convention arrangements are being handled by Anchorage Assn. of Insurance Agents.

Conn. Rules On Charges For Installment Privilege

At the request of Commissioner Alfred N. Premo of Connecticut, the attorney general of that state has ruled that the maximum charges for installment payment of premiums shall be governed by the same rules as govern rates—they are not to be excessive, inadequate or unfairly discriminatory. The commissioner would rule.

Amounts charged for interest or flat fees for installment handling are covered in the rate filing sections of the statutes governing rates to be charged by such companies, the attorney general opined. Such insurers are required to file their proposed rates either individually, or through licensed rating organizations, in accord with the requirements of the statutes, designed to establish rates fair to the public as well as companies.

When the rates are greater if paid on the installment plan, such increased rates are still a part of the rate structure of the company and they must be filed and are subject to the jurisdiction of the commissioner.

Michigan Mutual Appoints Two

Ralph H. Lieckfield has been named administrative assistant to E. R. Wallace, Detroit metropolitan resident vice-president of Michigan Mutual Liability. He will be succeeded as metropolitan regional safety manager at Detroit by Arthur E. Frazho.

Bouck Joins Tampa Agency

C. Worcester Bouck, former southern marine manager and secretary of Fire Association, has joined the Woodward-Crowder agency at Tampa, Fla.

Schindler, Feehan Join G. Shannon Grover

John J. Schindler and William J. Feehan have gone with G. Shannon Grover & Co., Chicago, as vice-president and vice-president and counsel, respectively. Also joining the agency a short time ago as vice-president was Charles J. Doerr. The company, U.S. manager for A&H for Employers Mutual of Des Moines, is tripling its office space in the Board of Trade building.

J. J. Shindler

Mr. Schindler has been in the general insurance business for 13 years, the last 10 involving Lloyds and surplus line business. Most recently for four years he was vice-president and manager of Insurance Facilities Corp. of Chicago. Mr. Feehan has been in the legal department of Continental Casualty for five years and before that was with Fidelity & Casualty. Mr. Doerr, in the insurance business for 25 years, was most recently with Toplis & Harding, Wagner & Glidden in Chicago for 15 years.

Charles J. Doerr

W. J. Feehan

Buyer Conference Set; Varied Seminars Planned

Problems of self insurance will receive primary emphasis at American Management Assn.'s fall insurance conference at the Drake Hotel, Chicago, Nov. 17-19. A panel group will present studies illustrating experience with self insurance of employe benefits and workmen's compensation and the use of a captive reciprocal. Also included is underwriting of atomic hazards.

Seminars on atomic hazards and on self insurance are scheduled by AMA for Dec. 8-10 in Los Angeles. In New York the following seminars are planned: General insurance, Dec. 15-17; employe benefits, compensation and pensions, Jan. 19-23; foreign insurance, Jan 21-23; corporate risk management, Feb. 25-27 and March 30-April 1; protecting corporate property, Feb. 25-27. In Dallas, seminars are scheduled for Feb. 16-18 on employe benefits, compensation and pensions and on multiple line insurance.

Oregon Coast Agents Elect

James Neilson, Florence, was elected president of the newly formed Oregon Coast Assn. of Insurance Agents. Other officers are Donn DeBernardi, Newport, vice-president; Carlin Maxwell, Waldport, secretary-treasurer; Cecelia Muckler, Oceanlake, and William Woods, Depoe Bay, directors. The new association is affiliated with Oregon Assn. of Insurance Agents. Meetings are held on the third Monday of each month.

All Teamster Members Under Blanket Bond

Teamsters International Union has bonded all employes for $30,000. The coverage was placed with London Lloyds through General Insurors of St. Louis. Previously, only secretary-treasurers and other key officials directly responsible for handling funds were bonded, and average coverage amounted to $10,000.

The three-year premium of $69,247 for $30,000 coverage on each employe is less than the parent union, area and state conferences, joint councils, and all of the locals combined are now paying for limited coverage. The blanket protection will give the membership additional protection against dishonesty and will afford unprecedented security for union funds, according to James R. Hoffa, president.

Adjuster Opens In LaSalle, Ill.

Yanor Adjustment of Champaign, Ill., has opened a new office in LaSalle, Ill., in the LaSalle State Bank building, with J. W. Hern as manager. R. E. Tribbey of the Kankakee office is supervisor of northern Illinois.

Seek Increase In Mass. Compulsory Auto Rates

Casualty companies in Massachusetts are seeking an average increase of 12% in compulsory rates for private passenger cars. In 1957 the number and cost of death and personal injury claims in accidents involving Massachusetts drivers were at a record high since compulsory was adopted.

Total cost of injury claims was $2.6 million more than 1957 rates contemplated. The companies claimed there was an average loss of $1.97 on every private car insured in the state last year whether it was in an accident or not. In Boston this average loss was $9.54.

St. Paul F.&M. Names Safety Men

Thomas M. Edholm is St. Paul F.&M.'s new safety engineer-auditor in eastern North Dakota, northeastern South Dakota and northwestern Minnesota, with headquarters in Fargo. John C. Sasse is the new safety engineer-auditor in the company's New England territory, with headquarters in Boston.

Discusses New Homeowner Deductibles

(CONTINUED FROM PAGE 1)

insured had to stand $50 of this type of loss. The new form "solves" the problem by knocking out payment of this type of loss altogether. But, if that is a source of annoyance to anyone, it is probably counter-balanced for many insurance men and their clients by the fact that the sure-to-be-costly deductible waiver will now be just that and not a "modified" deductible.

The deductible of the new form continues to apply to the amount of loss, with provision as before for giving each company on the line its "share" of the deductible. Homeowners C and the new form contrast with the PPF on this score, since the last contract applies its deductible to the amount of loss or the limit of liability, whichever is less. The possibility that this more restrictive treatment might be adopted in any revision of the C policy was mentioned fairly often among insurance men, most of whom will probably be glad it did not happen. (The speculation now takes a different turn—whether this and some other features of Form 5 may not soon be incorporated in the PPF.)

The money limit in all of the new forms corresponds with that of the old homeowners—$100 per loss. As before, this limit applies to coin collections too. Newly, the limit expressly includes bullion, not covered heretofore. This limit may be increased under any of the forms, the maximum increase being $400, for a total of $500. Correspondingly, the securities limit is $500, applying to accounts, bills, deeds, evidences of debt, letters of credit, notes other than bank notes (which are within the money limit), passports, railroad and other tickets, securities and stamps and stamp collections. This limit may be increased by as much as $500, to a top limit of $1,000. Newly, the forms provide coverage up to $1,000 per loss on manuscripts. Both bullion and manuscripts were, in effect, excluded by virtue of the standard policy exclusion of such property "unless specifically named in writing hereon," (lines 7-9). There is provision for an increase in the limit applicable to manuscripts.

As under current forms, new Forms 1, 2 and 4 restrict theft cover on unscheduled jewelry, watches and furs to $1,000 per article. However, as to this type of property there has been a relatively radical change in Form 5. Homeowners C has a limit of $500 on unscheduled jewelry, watches and furs, the limit not applying to loss by fire, lightning, windstorm, hail, smoke, explosion, riot and civil commotion, aircraft, vehicle, falling objects, V&MM, landslide, building collapse, burglary and hold-up. The comparable feature of Form 5 cuts the limit to $250 and drops landslide, burglary and hold-up from the excepted perils. This limitation emphasizes the importance of scheduling valuable items, using a personal articles floater. (The floater may be a physical part of the contract, though, as always, the rates, language and rules are those of Inland Marine Insurance Bureau, Transportation Insurance Rating Bureau or, if applicable, those used by a company which does not use the facilities of one of those organizations.) It may be increased to a maximum of $1,000, but subject, in any event, to $250 per article. There was no way of increasing the $500 limit in the C policy, nor could the $1,000 theft limit under homeowners A or B be changed.

Easy To Overlook

Probably, it will be easy enough in the job of absorbing the new program to overlook that the unscheduled jewelry, watches, furs limit of Form 5 does apply to burglary, hold-up or any other form of theft. Especially since that limit is now $250, this is a mistake to avoid. Experience will soon reveal, no doubt, whether it is more desirable to take advantage of the increase which may be purchased or to schedule more valuable items under the personal articles floater. On the whole, the latter seems better for the class of insured for whom Form 5 will generally be written.

The $500 limit on boats and boat trailers is the same in all of the new forms as it has been in the homeowners forms, with a little clarification of wording. An example is the expression "whether licensed or not" following "boat trailers," thus putting an end to an argument which has cropped up from time to time as to whether the old homeowners exclusion (in the personal property section) of "vehicles licensed for road use" eliminated boat trailer cover. (It was not intended to, we understand, but the question kept coming up.)

Among the coverage provisions of Form 5, the all risks package, probably no change is more noteworthy than an exclusion of flood, sewer back-up and related water losses and to unscheduled personal property at premises owned, rented, occupied or controlled by the insured or any other party whose property is insured. This is a very substantial reduction in coverage for the insured who may have started with the PPF. Though this is among changes which may possibly find their way into the PPF, flood cover of personal property, even at a fixed location, has been among the more desirable features of that contract for a long time.

Applies To Real And Personal

The new exclusion, which applies both to real and to personal property, refers to loss "caused by, resulting from, contributed to or aggravated by . . .

"1. Flood, surface water, waves, tidal water or tidal wave, overflow of streams or other bodies of water, or spray from any of the foregoing, all whether driven by wind or not;

"2. Water which backs up through sewers or drains;

"3. Water below the surface of the ground including that which exerts pressure on or flows, seeps or leaks through sidewalks, driveways, foundations, walls or floors."

This provision excepts loss by ensuing fire or explosion and is entirely inapplicable to loss by theft.

Other Deductibles Discussed

Other exclusions of the deluxe package form are pretty much as before, with changes in wording here and there. The exclusion of loss by theft in or to a dwelling under construction (and of supplies and materials) now ceases once the place is "completed and ready for occupancy." There is the new nuclear reaction exclusion. The exclusion of earthquake, applicable to buildings and additional living expense, now applies also, as in the dwelling buildings special form, to landslide and other earth movement. The exclusion of loss to retaining walls not constituting part of a building now applies to the pressure of ice or water. The breakage and marring exclusion was explained previously. It is important, of course.

As noted early in this series, the new homeowners program is put out on a standard provisions basis. There

will be some territorial variation, no doubt, but it is likely this will be at least somewhat less pronounced than previously. One interesting point of conjecture at present is the extent to which the exclusion—in all of the new forms—of windstorm and hail damage to outside radio and TV antennas and lead-in wiring, masts and towers will catch on. This exclusion, which also applies to ice, snow or sleet damage in forms which would otherwise cover such damage, did not appear in the homeowners policies generally. Multiple Peril Insurance Rating Organization started out without it and, with limited exceptions, if any, stuck to coverage.

Replacement Cost Extended

The old homeowners policies have for some time contained a replacement cost extension like that of the dwelling buildings special and broad forms and the CDP broad and special fire and allied lines forms. However, there was one potentially important difference. Compliance with the 80% requirement of the homeowners policy version of the extension was tied to the limit of liability applicable to the dwelling building—coverage A—even when the damaged or destroyed property involved was an out-building—coverage B. This is no longer so. As in the other forms, this requirement is now measured in terms of the building in question. A similar set-up under the old homeowners would have been at least technically unjust, since it was not possible to purchase increased limits on private structures.

There are two other significant changes in the replacement cost feature of the homeowners forms. The first, obviously for clarification, though no one will expect it to settle all arguments, adds to the caption of the extension the expression "meaning . . . only property which at the time of loss is an essential part of any building structure." The second change is substantial, could run into a snag in some states and should be the cause for checking and double-checking on the question of replacement value. The change involves dropping the following expression which appears in the old homeowners forms of most territories:

Underground Values Disregarded

"In determining such full replacement cost, the value of excavations, underground flues and pipes, underground wiring and drains, and brick, stone or concrete foundations, piers and other supports which are below the surface of the ground may be disregarded."

Obviously, the deletion of this clause can mean the need for substantially more coverage for at least some risks, speaking in terms of compliance with the 80% to full replacement cost requirement. It will bear watching.

As of the date this series was written, no filings of the new homeowners program were known to have been made, though upwards of 10 states were scheduled to have it soon. It is understood the manual will indicate premium tables, following the homeowners principle, together with separate charges for additional features. Many observers felt the new schedules had to be competitive with several important independent filings, most notably those of North America and Reliance. According to some reports, this was to be expected.

Several not at all trivial administrative decisions were still unmade or at least unpublished at this date too. For example, the rules permit credit for other insurance, but no pick-up on existing homeowners or CDPs. Under what circumstances, if any, will agents be permitted to cancel and rewrite? Will this be a good idea in any event? Much depends upon the new premium tables, it would seem.

Another question of considerable moment: Will the new homeowners go through audit bureaus? The CDP has, of course, and there have been some bureau dealings with homeowners. Feelings on this question, the answer to which may well come territory by territory, differ widely.

Most insurance men will have their work cut out for them, absorbing the numerous details of the new homeowners program, perhaps for months to come. It is interesting how producers, company men, adjusters, regulatory officials, teachers, editors and others have clamored for information about the changes—there has been a crescendo of interest since MPIC was known to have begun the consolidation in June a year ago. To me, this means the residence package policy idea has been a successful venture, from almost any point of view in the business. The new program seems to have been worked out constructively —to have been, as stated at the outset of this series, well worth the wait. We can be glad it is this way.

Biglen Retires On Coast

J. L. Biglen, associate manager of the Pacific department of New York Underwriters, is retiring Sept. 30. He has been at San Francisco since 1922 and has been supervisor of the special risk department, superintendent of agencies, assistant manager, and associate manager since 1938. He was president of Pacific Board in 1952-1953.

Travelers Wins N. Y. Award

Travelers is the first company designated to receive the "Business Speaks Gold Award" of New York Board of Trade which formerly went only to prominent individuals. The company was recognized for pioneering service in establishing a weather research center. J. Doyle DeWitt, president, will accept the award at a dinner at the Waldorf-Astoria in New York on Oct. 9.

Pa. Agents Hold Big Rally In Bedford

(CONTINUED FROM PAGE 1)

graff of Philadelphia was reelected state national director. Frank D. Moses was renamed secretary-manager, and Marshall W. Davis was reappointed assistant secretary.

New directors are W. Craig Boyd of Lancaster, Edward J. Coup of Milton, Charles J. Fickes Jr. of Harrisburg, Charles Kattan of Latrobe, Robert S. Kerr of Ambridge, Pearl Lamberth of Philadelphia, Clarence K. Mast of Reading, William Wagner of York, and Edward T. Wells of Scranton.

About 350 registered for the convention, which was a good crowd for the affair. The resolutions, read by Miss Helen Blair of Wellsboro, were all non-controversial. One commended the CPCU research program; another was a tribute to Mr. Thumma, and the others were the customary thanks and memorials. The entire convention was remarkably peaceful, considering the hectic days the business is going through.

However, the program dealt with life, A&S, safety, the NAIA advertising program, automobile insurance, and what's ahead for the business, the latter discussed by a panel of four—it is treated elsewhere.

One of the highlights of the convention was the special tribute to Morton V. V. White of Allentown, NAIA executive committeeman and past president of the Pennsylvania association. Louie E. Woodbury of Wilmington, N. C., NAIA president, made a special trip to Bedford to lead the tribute, which was expressed at the annual banquet, and which included the presentation to Mr. and Mrs. White of a fine silver platter. That presentation was made by Mr. Moses.

Mr. Woodbury said the special honor was being accorded Mr. White as the latter is ending three years as a member of the NAIA executive committee at the New Orleans convention next month. Mr. Woodbury stressed Mr. White's dependability, his balanced advice, his long years of service to association affairs through critical years. Mr. Graul read tributes to Mr. White from Archie M. Slawsby of Nashua, N. H., NAIA vice-president; Maurice Hartson of New Orleans and Porter Ellis of Dallas, NAIA executive committeemen; Robert E. Battles of Los Angeles, past president of NAIA; David McKown of Oklahoma City, past NAIA executive committeeman; J. A. Neumann of Jamaica, N. Y., past president of NAIA; George S. Hanson, executive secretary of NAIA; and H. Earl Munz of Paterson, N. J., and Frederick W. Doremus of Eastern Underwriters Assn., who, with Mr. White, were influential in forming Eastern Agents Conference.

Hospitality Suites By Companies

Hospitality by the companies was somewhat lighter than usual, perhaps a reflection of the tough times the insurers are going through. However, a number of companies did maintain hospitality suites, including American Casualty, Chubb & Son, Continental Casualty, Fidelity & Deposit, General Accident, General Fire, Hartford Fire, Home, North America, Ohio Casualty Pacific Fire, Pacific National Fire, Yorkshire, and U.S.F.&G.

The association's fire safety award went to the Lehigh association. Vice-president Frank Kardos of that group accepted the trophy from C. G. Griffith of Altoona, chairman of the state association's fire safety committee. Reading won the highway safety trophy for the third consecutive year, and Robert B. York, chairman of the state group's highway safety committee, accepted the trophy. The local board membership award went to the Laurel-Highlands association, composed of Scotdale, Connelsville and Mt. Pleasant.

Two Films Are Shown

The film on automobile insurance, Not Around the Corner, and the film depicting plans for the 1959 Big I advertising campaign were shown.

Mr. White in his talk urged agents to get out of the automobile rut and sell some other business. He suggested that if the public likes time payments, agents should have the facility available for use.

As to commissions, he noted that bureau companies are determined to be competitive. As an example, auto rates recently were slightly reduced in Alabama, along with the five point reduction in production cost allowance. Another example is that apparently rates on homeowners are going to be competitive, even if the forms are not quite so liberal as some independent filings.

He emphasized that the acquisition cost factor the bureaus are talking about includes items other than com-

missions, such as advertising, service offices, field expense, and the like.

He said the California association's projected anti-trust suit against the insurers for reducing automobile commissions was not sanctioned by NAIA. The Washington association repudiated the California proposal. Both actions, however, he said, are a reflection of the times the business is going through. Much is happening in the business, and he sees it going through a transition period.

Robert Synnestvedt of Jenkintown asked how many agents in the room are using a specialty company to meet competition—at a reduced rate and reduced commission. Seven held up their hands.

Mr. White pointed out that when Fireman's Fund announced their economy auto plan at the Wyoming agents' meeting, he, Mr. White did some figuring. If an agent has $60,000 in auto premiums and is getting 25% commission, he is making $15,000 gross. At a 20% deviation and a 15% commission, he must increase his gross auto premiums to $100,000 to stay even.

Administration Report

In his annual report, Mr. Graul noted that the word independent had been added to the corporate name of the association. This was done to capitalize on the Big I advertising campaign of NAIA. The association now is getting out a news letter on board meetings; this has had a fine reception.

The pressure for compulsory auto insurance continues in the state, Mr. Graul said. Though the proposal was killed in the last session of the legislature, it occupied the attention of association officers more than before. Efforts are being made to offset this demand, and the association is making every effort to get an information center for the state set up.

It is obvious, he said, that larger and stronger fictitious groups for fire and casualty insurance are in the process of being set up, he said. It may be necessary to implement the laws of the state. He urged agents to report any solicitation of group coverage to the state insurance department. Several newer groups are Quality Courts, Pepsi-Cola, Richfield Oil, Pennsylvania Retail Jewelers, Outboard Boating Club of America, National Wholesale Druggists and Singer Sewing Machine Co.

Membership At Second Highest

Membership now stands at 1,704 agencies, second highest total in the association's history, he said. Two new boards were formed, Franklin county and Somerset county.

Huette F. Dowling reported as general counsel; O. D. Shipley, state director of highway safety, discussed traffic accidents, and Mr. Margraff gave his report as state national director.

Edmund L. Zalinski, executive vice-president of Life of North America, discussed life production by local agents, and there was a round table on A&S with A. H. Kessler, vice-president of the A&S department of American Casualty as discussion leader and Edward L. Smead of Williamsport as moderator.

Stanley Cowman of Philadelphia, past president of the association, announced a feature for the annual convention in 1983, 25 years from now. A time capsule is being prepared, in which will be stored 1958 predictions of what is ahead for the business in the next 25 years. The capsule will be opened at the 1983 convention and read. None knows who is contributing the predictions except Mr. Cowman, who puts them in a metal container furnished by North America. The plan is to call attention of intervening conventions to this feature of the 1983 session.

A good deal of attention at the convention was devoted to golf, games and entertainment. American Casualty was host at a cocktail party Monday, and there was a water show Monday evening.

Mr. Trimbur, the new president of the association, started in the business in 1929 with Fidelity & Deposit. He was special agent, assistant manager and then manager at Pittsburgh. After 15 years with F.&D. and war service he purchased the L. A. Burnett Co. agency and later the agencies of Henry Bepler and William Schuchman. He is past president of Insurance Club of Pittsburgh and of the Pittsburgh agents' association.

—

Allstate Appoints Seven To Regional Offices

Allstate has made a number of appointments in its regional offices. They are:

Robert B. Barefield, assistant claim manager at Houston; Claire E. Bailey, assistant claim manager at Dallas; George H. Webb, district sales manager at Cleveland; Daniel P. Jones, assistant claim manager at Atlanta; Leopold A. Sobel, sales supervisor of commercial fire at Rochester; John F. Berry, sales supervisor of commercial fire at Long Island, N. Y.; and Robert F. Shefte, accounting division manager at Detroit.

—

Continental Cas. Names Two

Anthony J. Hepp and Morris W. Dudley have been named sales managers for Continental Casualty's guaranteed renewable division.

Sees Need For Discussion Groundwork

(CONTINUED FROM PAGE 2)

sure their own they would reshape their attitudes and actions in terms of company progress.

Any situation in which an employe finds himself must make sense to him, regardless of how much sense it makes to management—if his full cooperation and maximum performance are to be attained. He needs a sense of belonging and the feeling that he has had a voice in the planning of group goals at his particular level. He needs to know in clear detail what is expected of him and to have responsibilities within range of his abilities. He needs information on progress toward the stated objectives. This in turn promotes confidence that he will be fairly treated and recognized for merit.

But communications is not a one way street. Students of management methods have learned that the employe has his obligations too. Probably the most important of his communications duties is to keep management informed for planning and decision making. An executive needs full, accurate and prompt information. The employe should see that he gets it. He should pick the right moment to convey bad news but never try to withhold it or sneak it past the boss. And it is always a good idea to see that the executive hears good news—without concentrating merely on pleasing him at the possible expense of the employe's colleagues with whom he also has to get along.

Other Employe Obligations

That was the essence of the advice given in an article in the Kiplinger Magazine—"How To Get Along With The Boss." That job demands more than laughing at his jokes, which is merely politeness; doing one's duty, which is expected, or apple polishing, which is a mistake. Communicating means gearing the employe's job to management's for the equal benefit of both.

Other advice from seasoned executives to employes with regard to relationships where communication is vital stresses the two way nature of the problem. The executives counsel the employe to respect his superior's authority and never to challenge his right to pass judgment on performance of a delegated job, for that is the latter's function. Argue before a decision is reached, but not afterward, and remember that the executive is dealing with a bigger picture and is responsible to others in his turn, management veterans advise the employe.

Problems of communication are not confined to getting information down-through and up-through company ranks. There is also the problem of getting it across the top executive level. A good communication pattern is in the form of a capital "T" with staff executives across the horizontal bar and the remainder of the organization on the vertical. Too often the horizontal bar has a tendency to break at varying points, depending on the official company set up, thus leaving a number of executives at loose ends. The remaining hard core of executives who are in on everything pass information down the vertical line. The excluded executives on the horizontal are then actually less well informed than many subordinates, and they may have the unique experience of sitting in at committee meetings where the latter know more about a given matter of company policy than they do. One uninformed executive may spend a lot of time duplicating the efforts of others and wandering back and forth across lines of authority he has not been told exist. The cost of such blundering can be high in terms of wasted energy and frayed tempers.

Executives Are Embarrassed

Failure of executives to share information can also lead to some ludicrous situations which place them and their companies in an unfavorable light. An official on an extended trip may arrive in a territory where a new field man has been on the job for a few weeks or even months. This official may or may not have a direct connection with field men and their activities, but, inevitably, someone he encounters in the territory will bring up the name of the new appointee and will be surprised at the blank look of the executive who never heard of his itinerant colleague.

Even at head offices there have been cases where personnel directors, often officers of the company, have been bypassed on the employment of a new employe at a top or fairly high level. The new man may be introduced to the executive, whose function is to know all about company personnel, several days or weeks after joining the ranks. Top management certainly has the right to make important hiring decisions. But courtesy and common

sense seem to dictate that the officer in charge of the vital personnel function should be consulted—if only on an informative basis early in the proceedings. Nothing could be worse than giving a new man the impression that the personnel man is a figurehead, for the latter's authority in subsequent dealings with that individual will be undermined.

Communications From Top Down

A good communications program must begin with a solid horizontal bar representing the sharing of information among all members of management.

With this beginning, a new era in company communications can be undertaken—but on a progressive basis. The nub of the communication problem is the right attitude toward sharing pertinent information with employes—not some miracle system which will mechanically solve the riddle. There are already plenty of communications media. The task is to use them naturally and gradually.

A blaring inaugural of a new communications program by a company which had hitherto doled out information sparingly would only promote confusion or suspicion. The sudden availability of previously guarded information, or radical changes in house organs, bulletins, letters to employes or supervisory meetings would be self defeating.

Gradual Changes Are Best

If there has been a house organ filled with jokes and gossip, it can gradually be used to present specific aspects of company policy. If there have been regular meetings of department heads and similar groups—and there is no dearth of these in the insurance business—pertinent information can be divulged there naturally. Well informed supervisors leaving these meetings can then transmit facts to those under them. All other natural and customary media—bulletin boards, individual bulletins, announcements, letters and meetings—can begin to carry broader information. Their format and content need not be drastically changed. Time will take care of that. The program must be continuing—a reflection of management's right intent and right action—not a whirlwind campaign started by a brazen bugle blast. It should be on an expanding basis but never allowed to become so important that it overshadows the importance of getting out the day's work. Management does not need an eight hour employe coffee-break every day. Nor does it wish to supply conversational morsels for goofing off periods. It wishes to supply knowledge for a back to work movement.

Use Grapevine Positively

Sour grapes are the usual product of the ever present company grapevine. But the yield can be greatly improved. It all depends on how messages get on the vine in the first place. If management's attitude is frank, and employes can get legitimate information by asking their immediate superiors, the grapevine will not twist through the office with its rumor crop ready for plucking. It will carry facts, explanations and proper interpretations instead. This can be guaranteed if management shares information with key personnel—department heads, supervisors and others, and encourages them to welcome questions from their subordinates. In this way the right messages will get on the grapevine and it will become a constructive tool instead of a menace of misinterpretation.

Communications Network Needed

Management may succeed in sharing information at the head office but fail to reach branch office employes effectively. The latter have delicate antennae. They know almost immediately if the head office closes on an August dog day or spends a few hours of internal jollification on Christmas Eve while the branch toils valiantly away. Management should take advantage of this sensitivity and feed it with all legitimate news of its over-all purposes and plans on the same basis that it supplies this information to those immediately under its wing.

Managements which contemplate establishing good communications or improving their present system of sharing information should certainly not hesitate to use a medium new to the company. They should take care, however, not to mistake the medium for the objective which is information. Sales experts have advised merchandisers to "sell the sizzle, not the steak." But when a company is dealing with its own employes it should concentrate on giving them something into which they can sink their teeth—which is a better practice than baring them at management or beating their gums over fictitious information. After it has told its own people about its plans, purposes and accomplishments, management can turn to the task of telling the world.

—

Boost Combined Capital

Stockholders of Combined of Chicago have approved a plan to increase capital from $1 million to $1.2 million. The $200,000 will consist of a 20% stock dividend payable Oct. 15 to stockholders of record Oct. 3.

N.Y. Elevator Rate Rises Announced By Two Bureaus

National Bureau of Casualty Underwriters has revised rates for manual rated classifications of elevator BI, PDL and collision in New York, effective Sept. 10. Similar revisions recently became effective in 50 other states and territories.

Elevator PDL and collision rates are reduced 25%. Elevator BI is increased 7.9% for Greater New York and 16.1% for the remainder of the state, an average increase of 9.2% for the state as a whole.

Mutual Insurance Rating Bureau has revised elevator rates in New York and OL&T liability rates in six states, effective Sept. 10.

Elevator BI rates are increased 11% in Greater New York and 20.7% in the remainder of the state. Elevator PDL and collision rates have been reduced statewide by 25%.

Mutuals increased OL&T rates 14.6% in Arkansas, 12% in Delaware, 10.4% in Maine, 7.3% in Nevada, and 17.8% in New Jersey, and cut them 13.8% in South Carolina.

F.&D. Advances Norris At Phoenix; Shifts 3

Fidelity & Deposit has advanced Carter Norris Jr. from assistant manager to manager at Phoenix. Richard L. Thiel, formerly special agent there, has been named assistant manager.

John W. Harrison Jr. has been promoted from special agent at Washington to assistant manager at Baltimore.

Eugene F. Banks, special agent at Richmond, transfers to Greensboro in the same capacity.

Mr. Norris, who has been with F.&D. since 1948, succeeds Chester A. Drummond, who retired after 36 years. Mr. Norris began as special agent at San Francisco and later became manager at Oakland before going to Phoenix.

Mr. Thiel has been special agent at Phoenix since 1957, and was previously in the field at San Francisco and Oakland. Mr. Harrison went to Washington in 1953 after several years at the home office. Mr. Banks joined the company in 1954.

Form New Iowa Local Association; Dubuque, Charles City Agents Elect

Forest City (Ia.) Assn. of Insurance Agents has been formed in affiliation with the Iowa and national associations. Officers of the new group are John Thompson, president, and Donald Anderson, secretary.

Dubuque Assn. of Insurance Agents recently elected Elmer J. Friedman president. Virgil Freyman was elected secretary.

Charles City Assn. of Insurance Agents has chosen Roscoe Markle as its new president. Other new officers are R. W. Suhr, vice-president, and Wayne Fluent, secretary-treasurer.

Hartford Accident Makes Five Claims Changes

Hartford Accident has made five managerial changes in field claim offices.

Thomas J. Long, former manager at Salisbury, Md., has been named manager at Norwalk, Conn., replacing Francis J. Kowalski, who transfers to Bridgeport. Mr. Long, who joined the company five years ago, will be succeeded by William H. Peck.

Alvin L. Warren has been promoted to manager at Louisville, replacing Lawrence E. Lindsay, who transferred to Cincinnati as claim supervisor. Mr. Warren joined Hartford Accident in 1952. Mr. Lindsay has been with the company 10 years.

Andrew T. Sumner is the new claims manager at Spartanburg, succeeding Edgar A. Skinner, who transferred to Atlanta. Mr. Sumner previously served as claims examiner and claims manager at Glens Falls, N.Y.

Tobacco Gets War Risk

Directors of Export-Import Bank of Washington, D. C., have added tobacco as a commodity eligible for war risk and expropriation insurance. This coverage will apply to on-shore risks for shipments consigned to warehouses in certain friendly countries.

The bank has allocated a limit of $5 million of such of its insurance which may be outstanding at any one time for tobacco. Inquiries and applications should be initiated, the bank said, through applicant's underwriting connections or through American War Risk Agency, New York.

Tells Benefits Of Flat Commission Plan

(CONTINUED FROM PAGE 4)

ance: indemnities, administration overhead and compensation of the producer, Mr. Bell stated:

"If the indemnity, which is the largest part of the cost of insurance, were something definite and specific with regard to each policy sold, it would be very simple, and probably would require no arguments or speeches, to determine what the fair and proper commission rate should be. Competition would take care of that. But the basic fundamental cost of insurance is not definite. It varies first with the trends of the times and next with groups and classes of insurance. It is an average and not an actual individual cost. Thus, if a salesman is smart enough to produce that portion of the insurance business which carries a lower indemnity cost, companies are generally willing to pass on to him a part of the difference between the average indemnity cost and the lower cost of the preferred business he produced as additional acquisition compensation. But when one group of agents for the sake of a higher commission turns over to a group of companies the preferred risks, the acquisition costs provided on an average basis become entirely out of line for the other companies who write the higher than average cost risks. The same dilemma is puzzling the insurance industry right now as a result of the various classification systems adopted in the course of competition for preferred risks as it affects the writing of the sub-standard business and is carried into the acquisition cost sector with regard to compensation of agents who write sub-standard business. In simple words, just as the sub-standard risk cannot find an insurer at the price fixed for the average risk, so the agent who produces sub-standard business has difficulty placing such risks at a standard commission provided for the average risk."

Mr. Bell indicated that the present difficulty lies not so much in the wrong approach to the calculation of compensation as in the fact that the approach adopted originally with regard to average premium calculations has not been modified when classification of risks was adopted dividing the risks into preferred and sub-standard classes. "Probably if the classification system had been consistent and not dictated by competitive considerations and influenced by political pressures, etc., so that the premiums for each classification were calculated on such a basis as to be fully sufficient to cover the cost of each such classification, the old system of average compensation might have worked even though it would not have been fair to the higher rated classification. It did not work out that way. On the contrary, the higher rated classifications were under-rated because the price tags would have been too high to be swallowed by the public, while the more preferred classifications were priced higher than necessary to compensate for the shortage in the other classifications. Thus, the acquisition cost picture became completely unrealistic.

Go Begging For Market

"In the struggle for preferred business," Mr. Bell went on, "which is the order of the day in the automobile insurance business today, the underrated classifications, known as the high loss ratio classifications, go begging for a market. Yet the compensation of the producer being fixed on a percentage basis of the premium, is higher on these classes which the companies positively do not want than on the lower rated and more profitable preferred classifications which the companies are anxious to get. This is just where we are today and the problem is becoming so acute that state intervention is beginning to compel companies to arbitrarily adjust commission rates on the less desirable classifications. But this is not the solution. When a commission rate is adjusted on a class 2 risk from 25% to 15%, all that happens is that the company has 10% more to pay claims or declare in dividends, if they are lucky enough to make money. But the public gets no benefit from the reduced commission allowance and the agent has no less difficulty in placing this risk than he had before when he was compensated at a much higher rate."

Mr. Bell called for immediate acceptance of his commission proposals. "Such a revision would also be a great step in improving the position of agency companies in relation to the direct writers whose phenomenal growth and development is a direct result of the very problem we are discussing—failure by agency companies to adjust the acquisition cost factor to fit into the classification system."

Numerous Changes In Underwriting Forecast

(CONTINUED FROM PAGE 12)

ditional losses and claims new forms will produce. But in recent times all experience ratios have climbed alarmingly, and even the automobile physical damage and fire lines have not escaped. The vast number of small losses have sapped the underwriting profit.

Ineffective Adjustment Practices

The rapid growth of losses has led to ineffective loss adjustment practices. Companies have tended to pay small losses in order to get rid of them.

He predicted that the insurers, to achieve a loss ratio that will enable them to compete, are going to have to add to their loss handling personnel, train them more thoroughly and possibly grade them up also. New forms are producing losses that are more difficult to adjust, losses that for proper handling require accounting skill and perhaps even a legal background.

The question of how to meet the loss adjustment problems with an adequate personnel cannot be decided on the item of overhead alone. It is essentially a problem of personnel. Such personnel today is not available, he commented. It has to be trained. However, the companies apparently have decided that they should do this—secure first class loss and claims men to provide proper service to agents and the public.

One company, he said, made a study of 100 losses. They inspected automobiles on which losses, mostly comprehensive, had been paid. The study revealed that 65 of the 100 losses were not even covered by the policy. The agents had reported the losses to the companies, the companies had not inspected the losses but had paid them. He noted that this was no reflection on the public, the company or the agents. It simply indicated that insured was ignorant of the coverage, the agent had not checked the damage, and the company had not inspected the automobiles.

Certainly, he said, this is one leak in the loss ratio. It has always been true, he averred, that a fair adjustment is the best advertisement that an agent or company can have.

Rate increases are a remote possibility for meeting loss ratios that are too high. It is essential to stop the leaks. This requires a proper and business like approach to the adjustment of losses in all categories. The big losses and claims tend to be well handled because they are big. It is at the smaller loss level that ineffective practice has crept in.

Building adjustment staffs will require an outlay by the companies, Mr. Briner conceded. But the better adjustment and claim work will help the companies and their agents with their loss ratio and in competition.

Public Is Buying On Price

Mr. Swart dealt with underwriting and the relations of agents and companies. Noting that his observations were based upon his observation of trends and facts in the business, and did not simply reflect the viewpoint of one person or one company, he said that the agent and company in partnership will furnish what the public wants, or the public is going somewhere else to get it.

One thing the public wants is price, he declared. This is obvious from the record of those companies that sell on price differential—they're the ones that have grown by far the most rapidly in recent years. Those companies, he pointed out, took the business on price only as against service.

Underwriting must produce a competitive price if the agents and companies expect to sell their product to the public, he declared. In the insurance business, he said, price is dictated by the cost of delivery to the public plus the amount of money necessary to pay losses.

"If we are to deliver to the broad market a policy of insurance at a price which the market will pay, a price competitive with those who operate under a different system of distribution, the loss portion of the dollar must reflect the exposure on each particular risk," Mr. Swart declared.

Rating Plans Are Too Broad

He charged that the company end of the business has not done a good job with the loss portion of the premium dollar. The companies, he said, have operated on their broad rating plans for many years and have been reluctant to change. These rating plans have produced inequalities within classifications because of the improper reflection of possibility of loss on a bad risk.

A few years ago one commissioner was commenting on automobile rates. He said that 30 years before he had been a field man for a company and was on a committee that laid out the rating territories for his state. Those territories still existed and were still used as they had been laid out 30 years before. The commissioner said that if those territories were right when they were laid out, they were wrong at the time he was speaking because shifting population and changing road conditions in themselves should have brought about a complete change in territories.

"We have forced ourselves into being not underwriters but selectors of business," Mr. Swart stated. "Why isn't an unprotected dwelling at a profitable rate just as desirable as a fireproof building at a profitable rate?" He said "we have created a rate structure that permits the specialty underwriters, whether they are in fire insurance, inland marine or casualty, to select within our rate structure the desirable risks on a price basis and let us have those which are inadequately rated because of our classifications."

One large specialty company which

operates with exclusive agents in 1957 increased its writing $50 million. It is estimated that the company removed from its books more than $50 million in premiums. This means that in one year through selective underwriting within the classification setup by the agency companies, on a price basis the specialty company transferred to the agency company, either through the latter's agents or through the assigned risk plans, $50 million of business which the specialty company found undesirable. But, beyond that, he pointed out, the specialty company took from the field $100 million which it felt would be desirable.

One large specialty company which now is spreading to fields other than automobile sought to extend multiple line operations in a particular state. The state law prevented cut rates as such. Also, this insurer apparently found on its books certain automobile risks which would involve property coverages the company did not care to underwrite. To insure the quality of its business in the fire field, the company's program was to write no dwellings of less than $7,500 valuation.

A very thorough study by the business had revealed that the loss ratio ranged from 120% on low valued properties in the dwelling field to as little as 30% in the higher valued properties. But the business as a whole, after much maneuvering and apparent consideration of immediate selfish interest, decided to continue on its merry way and leave this field to the specialty company as the business had done in the automobile fields. This gave the specialty company an opportunity to select within the fire field those risks which are superior for one reason, the loss potential on the premium dollar is redundant, he said.

Underwriters By Occupation

Another specialty writer in the automobile field uses the accident experience by occupation in its underwriting. Mr. Swart said experience leads him to conclude that this company not only uses it in underwriting but to select out of the field available to the specialty insurer a large portion of select business. Why is it select? "It is select because our broad classification does not properly reflect in the premium the exposure to loss we have under the policy."

Mr. Swart recently spoke with the agent of a direct writer, which, after a very late start, in 1957 wrote $34 million in fire dwelling business. Mr. Swart asked the agent about his fire writings. He said he had written no fire business and had been assigned no quota of fire business. Why? Because he wrote business along the New England shore, which is subject to hurricanes. Here, Mr. Swart believes, is another example of areas in broad classifications which do not properly reflect the exposure and which permit a specialty company to select within such classifications.

Proper Classification Essential

He believes that proper classification will have to come, and that it will be on the basis that each promulgated rate will properly reflect the exposure undertaken by the insurers. It will not permit selection by specialty companies within the agency company classes. Agents will get a portfolio of rates which will permit the companies to underwrite their business instead of attempting to select within it.

Mr. Swart predicted a much more realistic approach to expense than the companies heretofore have taken. He said some time ago he found a tabulating operation of a particular territory was extremely costly. The unit premiums coming from this territory were below average. He ran across five consecutive pieces of business totaling $275. He followed, operation by operation, the placing of this business on the company books to determine its cost. He found such things as 15 punch cards being required on each piece of business. Applying all the cost factors such as commissions, tabulating, taxes, etc., he discovered that if there were no losses reported on these five pieces of business, it would still cost the company $45 more than they received in premiums to put the business on their books.

There is a limit beyond which the company and agent can go in the handling of small premiums, he said. The agent's operation in these respects are as expensive as the company's. These premiums will have to go, but they will go but not be forgotten. The future will find premiums of this kind produced in a package. The total will be such that it can be handled economically by agent and company, Mr. Swart believes.

The packages will be combinations such as homeowners, and similar combinations in the smaller mercantile fields. Property coverages will be provided to the public at a competitive rate (with selected deductibles to eliminate the nuisance claims), with liability covers rated to exposures and combined in a contract which carries out the intent of insurance—that is, recompense for that loss which will result in an economic impact on a

particular insured. He noted the recently approved automobile PHD in Texas which extends $50 deductible to all automobile coverages except fire and total theft.

Free Cover More Than Profit

Free insurance costs the company 5% of its premium income. A method will be found to eliminate this loss producer, he said. This 5% is twice the amount allowed in the rate for profit by some states. What other businesses give away twice the anticipated profit?

Many aspects of the business are confused with financing, he added. Despite protests to the contrary, the business has absorbed a large degree of the cost of financing. This operation will be taken out of the insurance business, he predicted. Financing will be handled on the same basis as any other budgeted expense. The housewife will go to the same drawer to secure the coupon book with which to pay her one bulk insurance premium covering all insurance costs as she now goes to it for payment of financed automobile or the mortgage on her home, for the American public today is a budget buyer and a budget payer. The method of financing will be at the choice of insured and the cost of financing borne, as it should be, by the financing operation.

Another development ahead is a transfer of those operations the cost of which can be reduced in company plants. However, Mr. Swart did not discuss which of the functions can be more economically transferred.

Discusses Agency Relations

Agency relations with the insurance buying public is a business relationship and it is becoming more so every day, he said. A sound business relationship is dependent upon a mutually advantageous transaction of business. It must be a two way street. If the relationship is to be advantageous to the agent, he must get fair compensation from the operation of his agency. If it is to be of advantage to the insurance buying public, the product must be delivered to it at a fair price.

What constitutes a fair price to the public? The same basic cost factors dictate what is a fair price as dictate the price of an automobile, an airplane or a bag of flour, Mr. Swart said. Fair price is the intrinsic cost of efficiently producing and delivering, plus a fair profit for delivering. The rest of it is, he suggested, extraneous service and frills. He predicted that the agent will seek for the customer a market in which he can place insurance at a competitive price and with fair profit. Then the customer will beat a path to the door of that agent. If the companies deliver to the agent packages of coverage which will permit a competitive price at a lower delivery cost, the agency system will be delivering to the public a larger package at a lower percentage of commission, but with more net dollars. This is the agency system composed of independent contractors in a partnership with companies that do not directly distribute. The relationship of agent and customers will perpetuate the agency system as a prime distributor of insurance in this country.

Company-Agent Relationship

The relationship of the companies and agents is going to be dictated by the same basic factors, he stated. It will depend upon the ability of the companies to deliver to the agent a product he can afford to handle and deliver to insured at a fair price. A fair price will be that which the insurance buying public cannot procure elsewhere, for a policy covering all property exposures, on which the agent will advise solely toward the selection of the necessary insurance under the property and third party coverages, under such deductible as is required to avoid economic disturbance in the event of loss at a price so competitive, as to speak for itself. This coverage will be so encompassing as to avoid the necessity of ever explaining "no coverage exists."

Mr. Swart also visualizes infrequent visits of the field man for promotional purposes, involving no accounting problems, a minimum of underwriting problems and a market for agents furnished by the companies on a full partnership basis without the necessity of a selection within the agency's writings by any company in its office.

The elimination of every type of waste or duplicate effort and the sale of more business to offset rising costs and tightened price competition were described as necessities facing the agency business today by Mr. Force.

It used to be that a man could get into the business, work hard at selling for several years, build a good volume, and then take care of it—relying on service to defend it, he said.

The defense was not too complicated, time consuming or difficult. The business was not, as today, under hot, competitive attack and at the same time being drained of strength by excessive loss ratios on most lines. Changes—the great time consumers —were reasonably infrequent.

In those days a few agents even operated on the theory that the less frequently they brought up the subject of insurance with insured, the less insured would have occasion to think about how much premium he was paying. Consequently, Mr. Force said, with many of his insured, the only time the agent called attention to himself was at renewal when he asked for money.

Contest Is At Buyer's Door

Few agents follow this pattern today. They can no longer afford to do so. For all business is under attack by competitors who use price differentials and variations in coverage. They merchandise by advertising to an extent unfamiliar to the fire and casualty business. They take the contest to the front door of the buyer.

At a time when the costs of doing business are at their highest for both agents and companies, but particularly for agents, the agent has to supply more service on individual automobile, habitational, and commercial risks.

The agent faces increasing socialization of the private passenger automobile business. He has to spend more time to place auto coverage as the experience outraces rates and resistance hardens to rate increases. There has been a 27% increase this year in Pennsylvania assigned risks.

Packaging of dwelling coverages gives the agent a lot of work to do, a lot of things to learn, a lot of changes to make, Mr. Force stated.

He is faced with the almost complete rewriting of commercial business as block policies take over in that area, where, from the outset, the new forms are producing remarkably high loss ratios.

With higher loss ratios and mounting competition it would be almost impossible to imagine that commissions would not come under pressure. No wonder almost every cost in the business is under careful scrutiny to determine if at least the waste can be eliminated.

As if this were not enough, property insurers are acquiring life affiliates, which brings two substantially different marketing systems into close juxtaposition. They are bound to exert substantial influences upon each other.

This development is long term. But it would be unwise for the successful agent to dismiss the subject lightly. At least he should study the trend to see what he wants or needs to do about it. Very likely the major influence will be upon the thinking of fire and casualty company managements. They will have to study their activities across the board, including fire and casualty, in terms of marketing and markets. In this area, the life insurance people have done a great deal more than fire and casualty executives to understand and exploit sales patterns, sales promotion and sales education. They have done a great deal more than fire and casualty people to analyze and develop their markets.

Agency Qualification Is Slow

For years, in many states, local agents have sought to establish and maintain, statutorily, a decent minimum level of fitness—of qualification. They have had some—not much—success. Companies have continued to appoint almost anyone who could deliver a little business, whatever his qualifications.

Yet the life business for years has

Gov. Meyner of New Jersey is shown signing a proclamation designating Sept. 9 as "New Jersey Assn. of Insurance Agents' Day," in recognition of 65 years of service to the public. This date was the concluding day of the association's annual meeting at Atlantic City. Left to right above are Charles J. Unger, executive secretary-treasurer of the association; Milton H. Grannatt Jr. of Trenton, newly elected president; Gov. Meyner; Charles R. Howell, commissioner of banking and insurance; and Henry A. Franz of Clifton, immediate past president.

been evolving and perfecting techniques to measure the sales abilities and potentials of prospective agents before they hire them. They even use the psychiatric couch, which has been found useful—for this purpose. In this respect the fire and casualty business is still relying on tranquilizers.

Life System More Expensive

Mr. Force also noted the equally obvious difference in cost. The life system is more expensive. After they hire agents, life companies provide highly organized, elaborately supervised training courses. The life people are intent and purposeful in their training. One life agency manager uses a concealed miniature recorder to tape actual sales interviews at which he sits in with a trainee. This raw material then is taken to the agency's sales meeting, which is held once a week for two or three hours. It is played and replayed, analyzed and criticized—all to make a more successful salesman out of the trainee.

Apt To Give New Ideas

When fire and casualty insurer managements find out that all this is going on, it is quite apt to give them some new ideas on the characteristics of the agents they appoint and the sales planning they do.

Tough, hard sell competition on price and product seem here to stay in all lines of insurance, Mr. Force predicted.

Since other agents are bound to be getting in touch with the agent's insured by personal call, by agency or company advertising of various kinds —the agent has to get and keep in touch with his client more frequently than has been generally the case in recent years. This is going to cost more, and the only way to pay for it is to make more sales.

Should "Sell" Insured More

Mr. Force suggested that it was always an erroneous theory that insured should not be disturbed by sales suggestions and contacts. This is a complicated business. It has kept changing. Man's individual needs for insurance grow as he acquires more property and develops more relationships in his personal and business life. The socio-economic organism has multiplied in complexity, in liability, and in the size of dollar danger.

Consequently, proper coverage properly written in the proper amount —more insured have not had this than have.

One objection of agents to disturbing insured is that this calls attention to the premium he is paying and he is apt to reduce, cancel, or transfer his business to save money. Yet this is exactly what competitors do, arouse him to think about his insurance and do something about it—and even to spend more money on a more adequate amount of it.

Auto Now A Wholesale Line

It has long been apparent that the private passenger automobile was changing from a retail to a wholesale line and that for both company and agent the problem was to apply the wholesale principle of more units for a smaller outlay per unit of time, effort and expense. Service, he said, must be cut to the bone. The agent has to adopt procedures that will enable him to do this, and represent companies that will help him do it.

The local, independent agent might be tempted to get out of the individual private passenger car business. After all, he is giving such automobile insured the greatest financial bargain in history. This insured made more than $150 million off insurers last year and he is certainly taking more of the agent's time. The loss ratio has permanently risen, which means lower earnings per policy for the agent.

Of course, the agent stays with automobile because it represents almost 50% of all fire and casualty premiums. Private passenger automobile coverage is needed continuously by practically every insured on the agent's books. The agent can't serve the insured without providing auto coverage.

Fighting For Simplification

Under any circumstances, paper work, duplicate effort, and waste motion tend to accumulate and drag on almost any activity, and certainly on a business such as the agent operates. Consequently, the agent has to fight continuously for simplification, for the elimination of waste, for the discovery of short cuts. In these times, and even more so in the days ahead, this overall need of simplification may spell the difference between survival and failure, Mr. Force declared.

Representing fewer companies may enable an agent to secure better commission terms, he suggested—because the agent can give those insurers a larger volume.

In New York state, where automobile commissions have been widely reduced, some companies have not reduced the automobile commissions of some agents. Why? Because agents produce for these companies a good volume of sound business well underwritten and properly handled. Both the agent and the company can make money on an operation of that kind.

Commissions Under Pressure

This does not mean that commissions will stop being under pressure. They will continue under pressure even if and when underwriting results improve—because competitive pressure is going to continue on all lines.

Mr. Force further observed that it is hard to see how agencies, or the companies they represent, can continue to load the total business produced in a given area with the unnecessary duplication of costs which occur as a result of excessive dividing up of the business to accomodate a large number of companies. The splitting of coverage into four policies on one risk merely to give four companies some business—a farm, a small mercantile, or even a dwelling—is the kind of thing the agent has to quit and ought to try to get his companies to quit. Even if a company can afford it, which is doubtful, the agent, for his share of the cost, cannot.

He suggested that one idea for making the agency system of distribution more efficient, with better results for the agent, the company and insured, is not new. This is the deliberate effort to make an account profitable—even if some individual policies have to be handled at a loss temporarily.

Good Way To Meet Costs

Is there a better way to do this than to sell life and A&S as well as the property coverages? This seems to be true of both commercial and personal risks.

The life people have become quite competitive in recent times and have developed several quick sale packages that are making sales history. A&S still is one of the sure fire personal lines—and major medical is a modern coverage with real appeal for insured, and a potentially big seller for the agent.

It is hard to see how an agent who prides himself on service can fit the homeowner with a modern property coverage like homeowners without giving one thought to the homeowner himself, he said. In addition, the agent is very likely to make less on the homeowners policy than the agent who sells the homeowner protection for the earning power that creates the property protected by the homeowners policy.

In the final analysis it is in some respects basically uneconomic waste for two (and certainly for five, as may be the case) agents to sell one individual his personal insurance needs.

Four leaders of the Disability Insurance Training Course of International Assn. of A&H Underwriters meeting at Indianapolis to plan improvements in DITC, from the left: William Steiger, Massachusetts Casualty, Cleveland; Gail Shoup, Lincoln National Life, Grand Rapids, president of IAAHU; Patrick Quarto, Insurance R&R of Indianapolis, and Richard Mueller, Provident L&A, Milwaukee.

Washington Agents Assn. Elects Dick At Annual Meeting; Numerous Resolutions Are Adopted

(CONTINUED FROM PAGE 1)

relations director on the Pacific coast for Assn. of Casualty & Surety Companies, said that public relations activities in the insurance business should be directed toward prevention of public misunderstanding and political interference and "deception in approval of rates."

Directing his comments at the agents, he said, in part:

"Agents who think that this is a job for somebody else are closing their eyes to the truth. They have just as much to lose by persistently inadequate rates as their companies—the gradual wasting away of their markets, for example, and the very real threat of government action to fill such a void. For all of us this is a bread and butter business.

Is A Hometown Job

"Good public relations work can certainly be spurred by intelligent company action and speeded by consistent trade organization publicity campaigns, but, in the final analysis it is a hometown job of work for the agents to put the various pieces of intelligence together for the benefit of clients and local editors." He stressed that the job was for all segments of the business, not "just a sometime thing for a selected few."

"Perhaps, at one time," he said, "in the insurance business we could afford a little misunderstanding, when protection was a luxury for the prudent and well-to-do. That time is past. Insurance is no longer a luxury. It is a matter of true social security, a necessity for a nation of home, property and automobile owners—an intimate part of public welfare. Neither is it insignificant in cost. An average young man will very often pay almost as much in property and casualty premiums as he will in ad valorem taxes on his home."

About automobile rates, Mr. Smith said that in his opinion inflation and growing claims consciousness will force rates even higher, and to brake this trend substantial reductions in accidents are required "but until that comes we're going to have to live with higher insurance rates.

"Let's not fool ourselves about regulation. It is going to become ever more strict and demanding, particularly on rate increases. Such harsher regulation, for the most part, will do more harm than good for the public welfare, but all government regulation agencies follow a pattern of growth that means closer scrutiny of everything private business does.

"To look always to the courts for relief in the matter of inadequate rates is folly. While the courts are frequently the last refuge of reason, we cannot invariably expect success."

Four Steps Mentioned

He mentioned four steps which he believes will bring a "healthier and more receptive climate for rate changes"—some of which are now being employed in some states. They are:

1. The companies, through the Assn. of Casualty & Surety Companies, will not wait for actual rate change to acquaint the public with the reasons for higher rates.

2. At rate change time, the Bureau and NAUA probably will authorize certain persons to conduct press conferences in their behalf.

3. Whenever a representative of the public relations side of the business is traveling a territory he will visit key editors for informal 'sales efforts.'

4. Local, independent agents should make it a point of knowing local editors, at least well enough to get a chance now and then to explain developments in the business.

5. Frequent use of materials available for inclusion in policy mailings which explain rate needs."